



CONFERENCE CALL ON CEZ GROUP FINANCIAL RESULTS

Q1 – Q3 2014

Non-audited consolidated results
prepared in accordance with the International Financial Reporting Standards
(IFRS)

(Quarterly Report pursuant to Section 119a(4) of the Capital Markets Act)

Prague, November 12, 2014



CEZ Group financial highlights and key events in Q1–Q3 2014 Martin Novák, Chief Financial Officer

Financial Results

Martin Novák, Chief Financial Officer

Market Position of CEZ Group

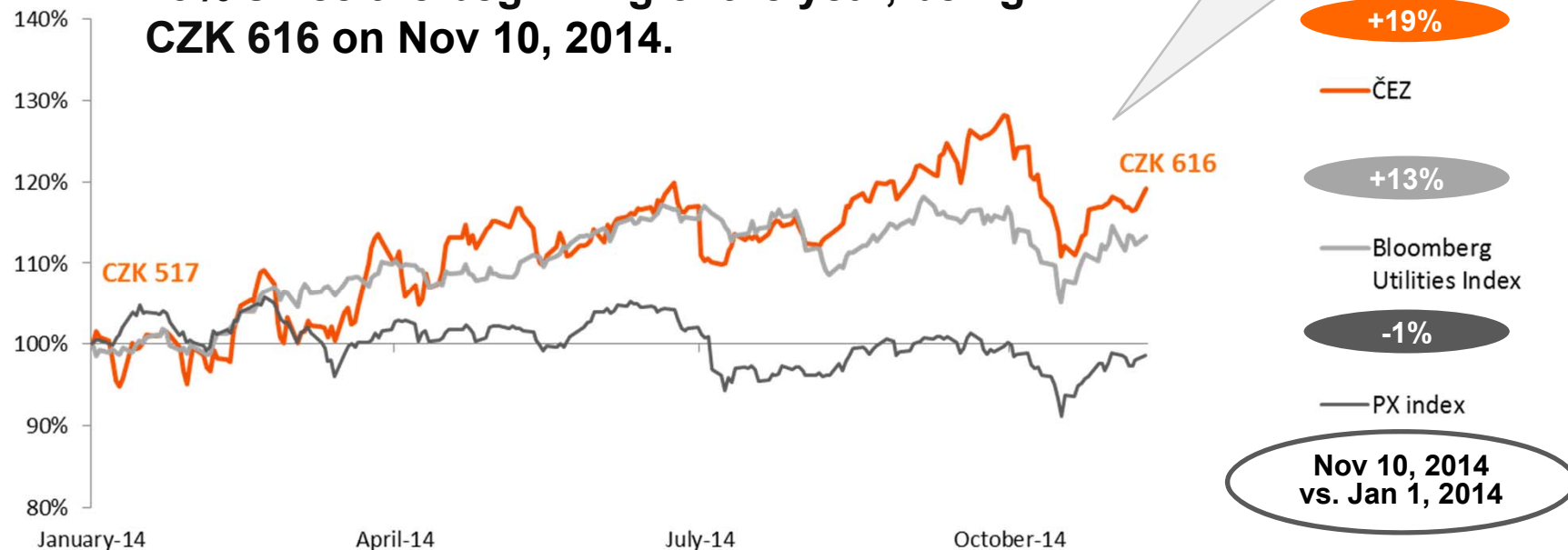
Pavel Cyrani, Chief Sales and Strategy Officer

FINANCIAL HIGHLIGHTS OF Q1-Q3 2014

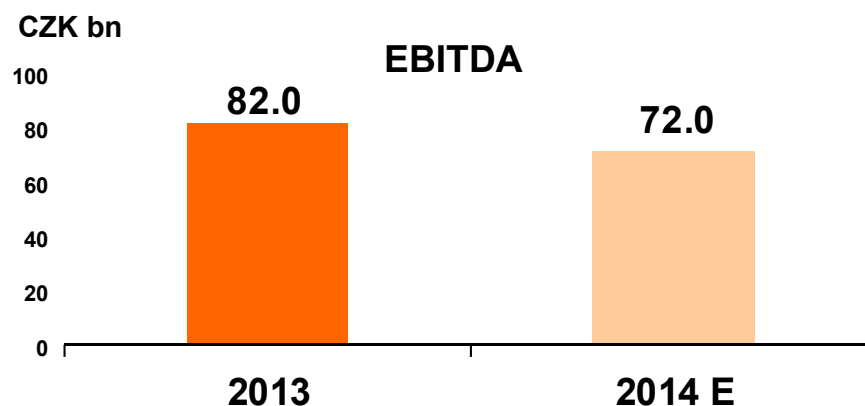


- **EBITDA CZK 54.7 bn**
- **Operating cash flow CZK 59.1 bn**
- **Net income CZK 19.6 bn**

- **The share price of ČEZ, a. s., has risen over 19% since the beginning of the year, being CZK 616 on Nov 10, 2014.**



WE INCREASE EXPECTED 2014 EBITDA TO CZK 72.0 BN AND CONFIRM EXPECTED ADJUSTED NET INCOME OF CZK 29.0 BN

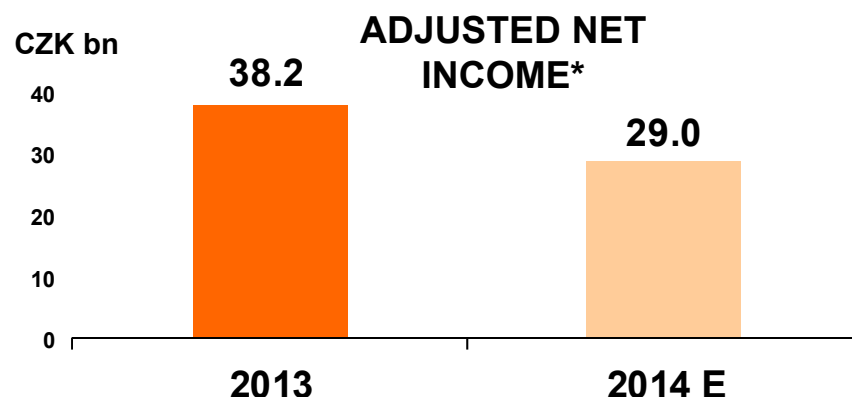


Selected year-on-year positive effects:

- Settlement agreement with Albanian government
- Cuts in fixed operating costs

Selected year-on-year negative effects:

- Trend of declining electricity prices
- Extremely warm and dry winter in 2014
- Delay in green certificate notification for Romanian wind parks by the European Commission
- Extraordinary revenue from trading in allowances in 2013 (CER Gate)



Selected prediction risks:

- Developments in regulatory and legislative conditions for the energy sector in Southeast Europe
- Facility availability and climatic conditions in Q4

* The values of adjusted net income do not include extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as impairments to fixed assets and goodwill write-offs, profit/loss from sale of assets or subsidiaries, or other extraordinary effects).

The book net income achieved in 2013, amounting to CZK 35.2 bn, is adjusted for the effect of impairments to fixed assets, the impact of the sale of the Chvaletice Power Plant, and the effect of the exclusion of the Albanian company CEZ Shpërndarje from the consolidated group. The outlook for 2014 net income is adjusted for the effect of fixed asset impairments and the effect of the settlement agreement with the Albanian government.

EUROPEAN COUNCIL ENDORSED EUROPEAN UNION CLIMATE AND ENERGY TARGETS FOR 2030



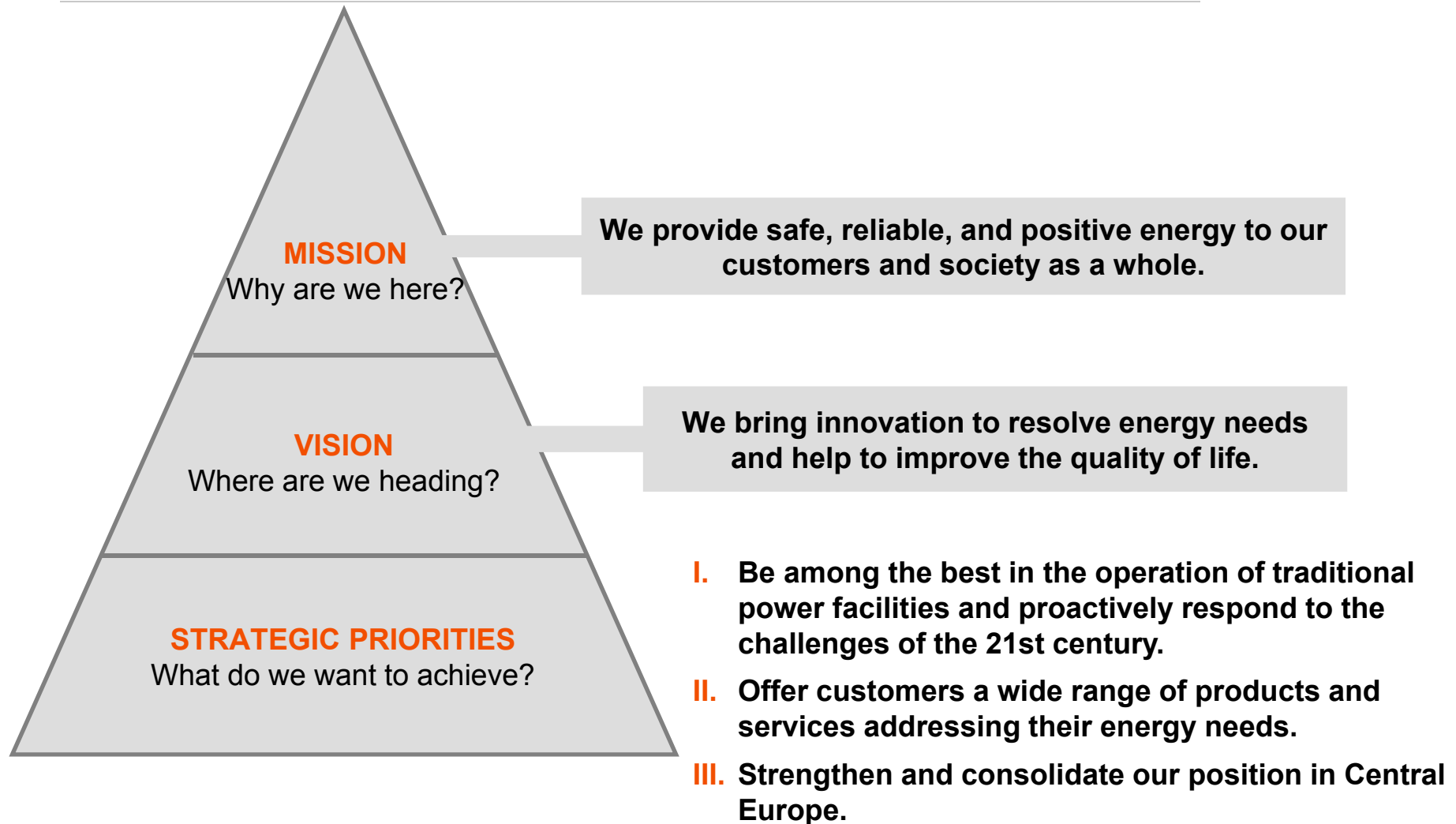
2030 TARGETS (approved on October 23, 2014):

- 1) Binding target of **40% reduction in CO₂ emissions** (compared to 1990)
- 2) Binding **target of at least a 27% share of renewable energy consumed** at EU level (resulting in up to a 47% share in electricity generation)
- 3) Indicative target of **achieving at least 27% energy efficiency** at EU level
- 4) Binding target for **electricity cross-border transmissions** (10% by 2020 and 15% by 2030)

EUROPEAN LARGEST ENERGY COMPANIES AGREE:

The fixed target of a 27% share of renewable energy consumed in 2030 for all countries **may pose a threat to the security of electricity supplies** and significantly **reduce the competitive strength of EU industry...**

WE UPDATED CEZ GROUP'S STRATEGIC PRIORITIES



CEZ GROUP'S UPDATED STRATEGY IS BUILT ON THREE PILLARS



I Be among the best in the operation of traditional power facilities and proactively respond to the challenges of the 21st century

- We want to **operate** power assets **as efficiently as possible** from the point of view of both shareholders and customers
- We want to **pro-actively react now to the future design of power sector** with a large proportion of decentralized and zero-emission production and diminishing differences between producers and consumers

II Offer customers a wide range of products and services addressing their energy needs

- We want to offer our customers partnership, expertise, tools, and financing to **meet their energy needs** - our customers are much more active in the control of their electricity and gas consumption and use in general as well as in their own production
- We want to complement this with additional products that have **synergy with electricity and gas sales**

III Strengthen and consolidate our position in Central Europe

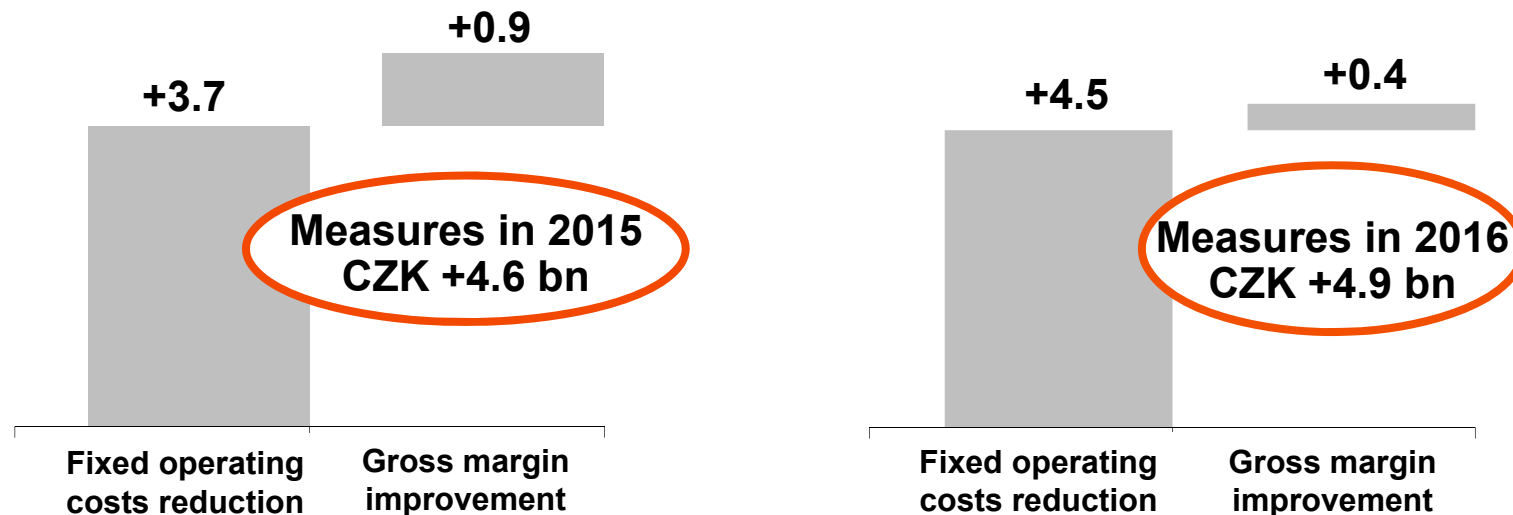
- We want to **maintain our position among the top 10** energy companies in Europe and **take advantage of major synergies** in the operation of our assets and when offering new products and servicing customers
- We focus our attention on **regions and countries** that are **close to** both CEZ and the **Czech Republic** in terms of energy markets, economy, politics and culture; however, undisputed profitability remains the key indicator

ANNOUNCED COST-CUTTING AMBITION FOR 2015 WAS FULFILLED TO THE LEVEL OF OVER 70% IN THE 1ST ROUND OF BUSINESS PLAN PREPARATIONS



- A 20% cut in HQ's 2015 fixed operating costs was managed in the 1st round of Business Plan preparation (compared to last year's plan). Business segments' proactive measures helped improve the 2015 EBITDA by 12% on average (compared to last year's plan); segments also took the opportunity to replace required cuts in fixed costs with increased profit on new opportunities.
- The current 2015 Business Plan anticipates y-o-y reduction of CEZ Group's average number of FTEs by 3.7%.
- Measures managed to eliminate the negative effect of external factors on EBITDA 2015–2016.

Impact of CEZ's proactive measures on 2015 & 2016 EBITDA (CZK bn)



NUCLEAR POWER PLANTS

SELECTED EVENTS IN THE PAST QUARTER



Existing Nuclear Facilities

- Successfully completed reactor outage at Temelín Nuclear Power Plant Unit 1 to replace $\frac{1}{4}$ of fuel, check the pressure vessel, and upgrade low-pressure rotors in the turbine generator, which will allow increasing its electric capacity by 22 MW_e to 1,078 MW_e.
- In accordance with legislative requirements, units 3 and 4 of Dukovany Nuclear Power Plant were shut down on November 5 in order to repair a leaking pipe in one of the three cooling systems, which back up each other.
- Completed Unit 1 outage at the Dukovany Nuclear Power Plant within the planned time, during which new fuel, Gd-2M+, was loaded into the reactor. The new type of fuel will make it possible to extend the length of fuel cycles and increase fuel efficiency.

New Nuclear Facilities

- The State Office for Nuclear Safety authorized the location of Units 3 and 4 at the Temelín nuclear power plant site.
- CEZ updated the plan of activities and engineering schedule for new units at Temelín and Dukovany. It expects to update both plans in the summer of 2015 following a comprehensive plan for the development of nuclear energy in the Czech Republic, which should be drawn up at the turn of the year.

CZECH REPUBLIC

SELECTED EVENTS IN THE PAST QUARTER



Conventional Power Plants

- Installation of primary environmental upgrades for DeNO_x completed at 10 coal-fired units with a total installed capacity of 1,400 MW_e (Počerady: Units 2, 3, 4, 5; Dětmárovice: Units 3, 4; and Mělník I—Energotrans: Units 2, 4, 5, 6).
- Upgrade of turbine generator unit 1 successfully completed at the Kamýk hydropower plant to allow more efficient and environmentally-friendly production. The innovation will improve efficiency by 5.5% and reduce the volume of oil in the turbine control system by 90% (by app. 8,500 liters).

Heating

- ČEZ Teplárenská, in a consortium with EVČ Morava, won a public contract for the operation of 160 production facilities and related heat distribution systems in Moravia. The five-year contract is worth almost CZK 25 million.

Mining

- Severočeské doly are preparing an underground mining project to extract up to 16 million tons of quality coal from the side slopes of the Nástup Tušimice pit. This project will extend the pit's lifetime and allow selective mining according to power and heating plants' needs.

ABROAD

ALL CONDITIONS PRECEDENT IN THE SETTLEMENT AGREEMENT WITH ALBANIA WERE MET



- **On October 16, 2014, CEZ Group and the Albanian government mutually acknowledged that all the conditions precedent in their Settlement Agreement (worth EUR 100 m) had been met:**
 - Bank guarantee issued for the Albanian party ✓
 - Agreement approved by the Albanian government and then ratified by the Albanian parliament ✓
 - Agreement approved by ČEZ's Supervisory Board ✓
 - First installment (EUR 10 m) paid by the Albanian party ✓
 - Bank guarantee approved by Albania's parliament ✓
- CEZ Group has already received EUR 15 m out for the settlement of claims and assignment of its stake in the distribution company. The remaining amount of EUR 85 m will be paid up by 2018 in yearly installments, covered by a guarantee of a reputable Europe-based bank.
- **As the settlement agreement enters into effect:**
 - ČEZ's 76% stake in the distribution company was assigned back to the Albanian state
 - Any claims Albania might raise against CEZ Group expire
 - ČEZ's arbitration against Albania will be terminated

ABROAD

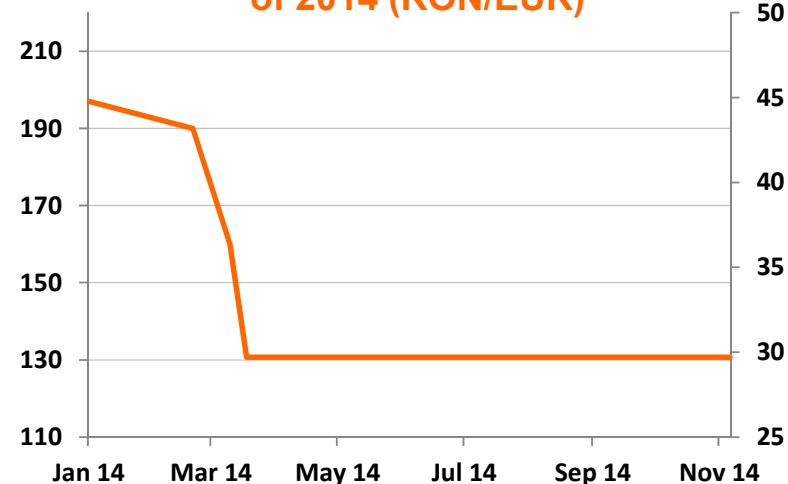
RADICAL RESTRICTION OF REAL SUPPORT FOR WIND FARMS AND UNCERTAINTY REMAIN IN ROMANIA



- Despite full cooperation by CEZ, the Romanian government failed to fulfil its pledge to issue an ordinance to ensure that green certificates are provided to the Fântânele Vest and Cogeaalac wind farms before the European Commission approves the allocation of certificates.
- In September the Romanian government decided that the situation required a new law. On October 7, the government approved the bill and submitted it to the parliament for approval; however, the parliament will not act on it prior to the presidential election in November.

- Since the Romanian government decided to cut the quota for purchasing green certificates for electricity suppliers serving end consumers (this spring), the market price of green certificates has remained at the statutory minimum (RON 130).

Green certificate prices since the beginning of 2014 (RON/EUR)



ABROAD

SELECTED EVENTS IN THE PAST QUARTER



POLAND

- ELCHO Power Plant achieved a record-breaking 31.5% share of energy generated by biomass co-combustion in July. The share of co-firing is expected to reach 27% in 2014 (reaching 24% in 2013).
- Under a contract (made in September 2013) with Polish heat distributor Tauron Ciepło, the ELCHO Power Plant increased the capacity of its heat deliveries to the network by 60 MW_t, starting on October 1, 2014.

BULGARIA

- A new price decision for distribution and sales entered into effect on October 1, 2014, indicating a positive impact on CEZ Group's results. As a result of the regulatory authority's decision, the average tariffs of the distribution company and the sales company will grow by about 11.5% and about 10% respectively (on an annual basis).
- CEZ Group and Bulgaria's state-owned energy company failed to come to an agreement on funding for an upgrade of the Varna power plant. The plant's operation will thus be suspended on January 1, 2015.

TURKEY

- The Egemer CCGT plant entered into full operation (receiving its Preliminary Acceptance Certificate, PAC) on August 25, 2014. All of the plant's technical specifications were met; additionally, its capacity increased to 904 MW (from the original target of 872 MW).

BOSNIA AND HERZEGOVINA

- An arbitration tribunal decided in favor of CEZ, which will receive compensation totaling around EUR 7.5 m. The arbitration concerned a breach of Elektroprivreda Republike Srpske's obligation to put assets into the joint holding company NERS (arising from the Implementation Agreement from 2007).



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CEZ GROUP FINANCIAL RESULTS



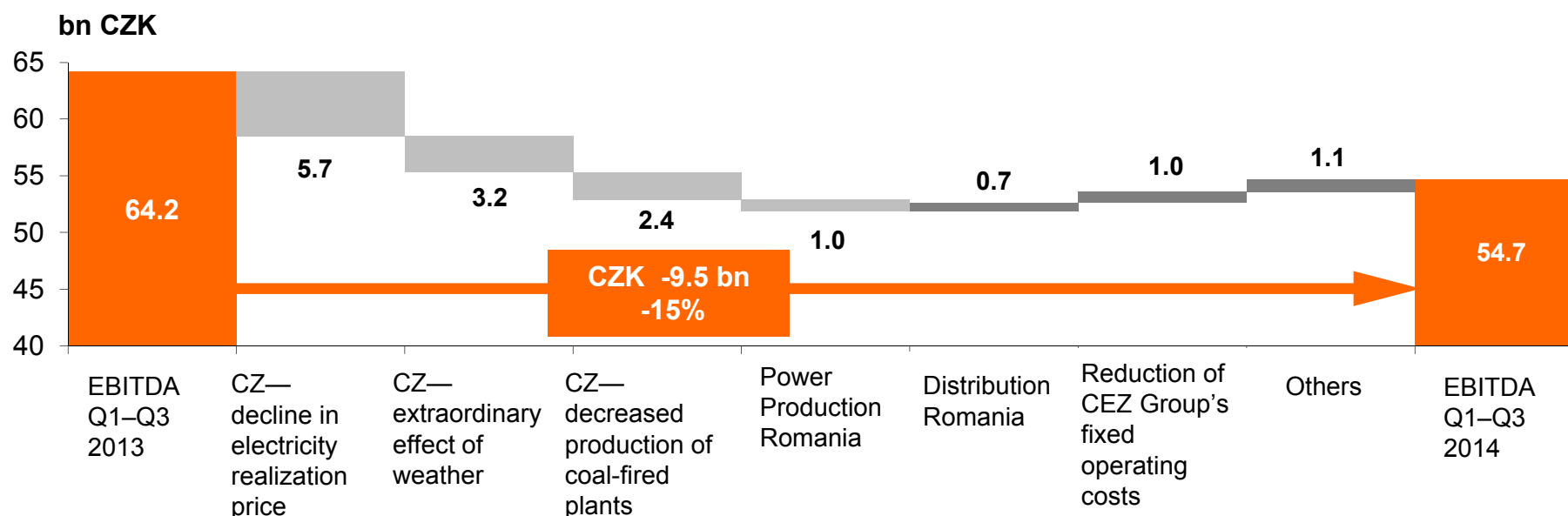
(CZK bn)	Q1 - Q3 2013	Q1 - Q3 2014	Change	%
Revenues	161.7	147.0	-14.7	-9%
EBITDA	64.2	54.7	-9.5	-15%
EBIT	38.5	28.8	-9.7	-25%
Net income	31.7	19.6	-12.1	-38%
<i>Net income - adjusted **</i>	31.6	24.2	-7.3	-23%
Operating CF	53.1	59.1	+6.0	+11%
CAPEX	27.9	21.7	-6.3	-22%
Net debt *	155.7	155.2	-0.5	-0%

		Q1 - Q3 2013	Q1 - Q3 2014	Change	%
Installed capacity *	GW	15.0	15.2	+0.2	+2%
Generation of electricity	TWh	49.4	46.0	-3.4	-7%
Electricity distribution to end customers	TWh	35.6	35.2	-0.4	-1%
Electricity sales to end customers	TWh	27.0	25.7	-1.3	-5%
Sales of natural gas to end customers	TWh	4.1	3.6	-0.5	-13%
Sales of heat	000'TJ	16.7	13.8	-2.9	-17%
Number of employees *	000's	26.3	26.2	0.0	-0%

* as of the last date of the period

** The values of adjusted net income do not include extraordinary effects that are generally unrelated to ordinary financial performance in a given period (such as impairments to fixed assets and goodwill write-offs, profit/loss from sale of assets or subsidiaries, or other extraordinary effects). The book net income achieved in Q1–Q3 2013 is adjusted for the positive effects of the exclusion of CEZ Shpërndarje from the consolidated group, the sale of the Chvaletice Power Plant and the negative effect of additions to fixed asset impairments. The book net income achieved in Q1–Q3 2014 is adjusted for the negative effect of fixed asset impairments.

KEY DRIVERS OF YEAR-ON-YEAR CHANGE OF EBITDA



Czech Rep.—Extraordinary effect of weather (CZK -3.2 bn)

- Lower volume of distributed electricity, delivered electricity and gas and decrease in the volume of delivered heat due to above-average temperatures at the beginning of 2014 (CZK -1.2 bn)
- Decreased demand for coal from Severočeské doly (CZK -1.3 bn)
- Decrease in production from hydro plants due to exceptionally dry H1 (CZK -0.7 bn)

Czech Rep.—Drop in electricity generated by coal-fired plants (CZK -2.4 bn)

- Caused mainly by the sale of Chvaletice Power Plant in 2013 and comprehensive refurbishment of generation facilities

Power Production Romania (CZK -1.0 bn)

- Due to suspension of assignment of green certificates for Fântânele Vest and lower market price of green certificates

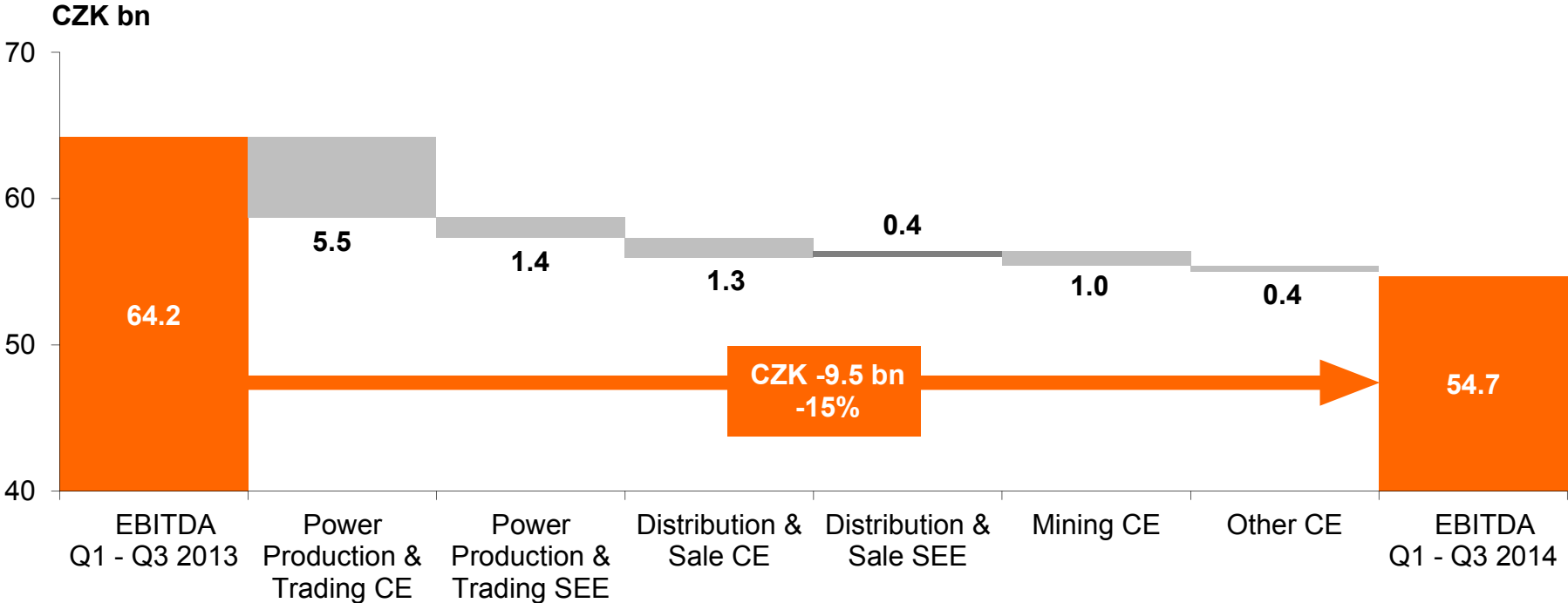
Distribution Romania (CZK +0.7 bn)

- Extraordinary earnings associated with payment of debts by state railways and Romanian Post

Others (CZK +1.1 bn)

- Mostly the effect of commodity derivatives

YEAR-ON-YEAR CHANGE OF EBITDA BY SEGMENT



EBITDA BY SEGMENT: POWER PRODUCTION AND TRADING CENTRAL EUROPE



CZK bn	Q1 - Q3 2013	Q1 - Q3 2014	Change	%
Czech Republic	35.4	29.4	-6.0	-17%
Poland	0.6	1.1	0.4	+72%
Segment EBITDA	36.0	30.5	-5.5	-15%

Czech Republic (CZK -6.0 bn)

- Year-on-year drop in the realization price of generated electricity (CZK -5.7 bn)
- Lower production (CZK -2.9 bn) caused especially by a drop in the production of coal-fired plants due to complex refurbishment and greening of facilities, sale of Chvaletice Power Plant in 2013, and lower production at hydro plants due to lower flow rates in 2014
- Higher revenue from commodity trading, especially due to the termination of a long-term deal with CA-CIB (CZK +1.5 bn)
- Reduced operating expenses (CZK +0.6 bn), especially due to a change in the fuel mix and lower coal prices
- Other effects, especially lower additions to emission allowance provisions (CZK +0.5 bn)

Poland (CZK +0.4 bn)

- Higher revenue from color certificates due to their increased market prices and increased generation volume from biomass

EBITDA BY SEGMENT: POWER PRODUCTION AND TRADING SOUTHEAST EUROPE



CZK bn	Q1 - Q3 2013	Q1 - Q3 2014	Change	%
Bulgaria	0.1	-0.3	-0.4	-
Romania	2.0	1.0	-1.0	-50%
Segment EBITDA	2.1	0.7	-1.4	-66%

Bulgaria (CZK -0.4 bn)

- Reduced regulated purchase price of quota production and less cold reserve availability sold

Romania (CZK -1.0 bn)

- Effect of the suspension of assignment of the 1st certificate for Fântânele Vest since November 2013 due to delay in the European Commission's notification and lower market price of green certificates (CZK -0.8 bn)
- Lower volume of production due to weather conditions (CZK -0.2 bn)

EBITDA BY SEGMENT:

DISTRIBUTION AND SALE CENTRAL EUROPE



CZK bn	Q1 - Q3 2013	Q1 - Q3 2014	Change	%
Distribution	11.9	11.5	-0.4	-3%
Sale	3.2	2.4	-0.8	-26%
Segment EBITDA	15.1	13.9	-1.3	-8%

Distribution Czech Rep. (CZK -0.4 bn)

- Lower volume distributed at low-voltage level (CZK -1.6 bn)
- Effect of RESs correction factors (CZK +0.4 bn)
- Reduction of costs, especially under the project of creation of shared-services center (CZK +0.4 bn)
- Lower costs of repair (CZK +0.3 bn)
- More connection fees collected (CZK +0.1 bn)

Sales (CZK -0.8 bn)

- Effect of above-average temperatures in 2014 on the volumes of gas and electricity sold and 10% reduction in gas list price since May 1, 2013 (CZK -0.4 bn)
- Lower revenues from electricity supplies to cover losses in the distribution grid (CZK -0.2 bn)
- Differing times of collection and payment of support for renewable sources (CZK -0.2 bn)

EBITDA BY SEGMENT:

DISTRIBUTION AND SALE SOUTHEAST EUROPE



CZK bn	Q1 - Q3 2013	Q1 - Q3 2014	Change	%
Bulgaria	0.9	0.7	-0.2	-21%
Romania	1.2	2.0	+0.7	+60%
Albania	0.2	0.0	-0.2	-
Segment EBITDA	2.3	2.7	+0.4	+15%

Bulgaria (CZK -0.2 bn)

- Lower margin on distributed electricity due to negative price decisions from December 30, 2013 and July 1, 2014

Romania (CZK +0.7 bn)

- Extraordinary earnings associated with payment of debts by state railways and postal service (CZK +0.6 bn)
- Lower costs of losses (CZK +0.2 bn)
- Additional costs associated with newly introduced construction tax (CZK -0.1 bn)

EBITDA BY SEGMENT: MINING CENTRAL EUROPE, OTHER CENTRAL EUROPE AND OTHER SOUTHEAST EUROPE



EBITDA (CZK bn)	Q1 - Q3 2013	Q1 - Q3 2014	Change	%
Mining CE	4.2	3.2	-1.0	-25%
Other CE	4.2	3.8	-0.4	-10%
Other SEE	0.2	0.1	0.0	-25%

Mining Central Europe (CZK -1.0 bn)

- Lower revenue related to lower sales of coal due to above-average temperatures in 2014
- Cuts in fixed operating costs

Other CE (CZK -0.4 bn)

- Especially ČEZ Distribuční služby

OTHER INCOME (EXPENSES)



(CZK bn)	Q1 - Q3 2013	Q1 - Q3 2014	Change	%
EBITDA	64.2	54.7	-9.5	-15%
Depreciation, amortization and impairments	-25.7	-25.9	-0.2	-1%
Financial and other income (expenses)	0.2	-4.4	-4.6	-
Interest income (expenses)	-2.4	-2.3	+0.1	+4%
Interest on nuclear and other provisions	-1.3	-1.4	0.0	-2%
Income (expenses) from investments	4.9	0.2	-4.7	-96%
Other income (expenses)	-1.0	-1.0	0.0	-0%
Income taxes	-7.0	-4.8	+2.2	+32%
Net income	31.7	19.6	-12.1	-38%
<i>Net income - adjusted</i>	<i>31.6</i>	<i>24.2</i>	<i>-7.3</i>	<i>-23%</i>

Depreciation, amortization, and impairments* (CZK -0.2 bn)

- Higher additions to fixed asset impairments, especially in Romania

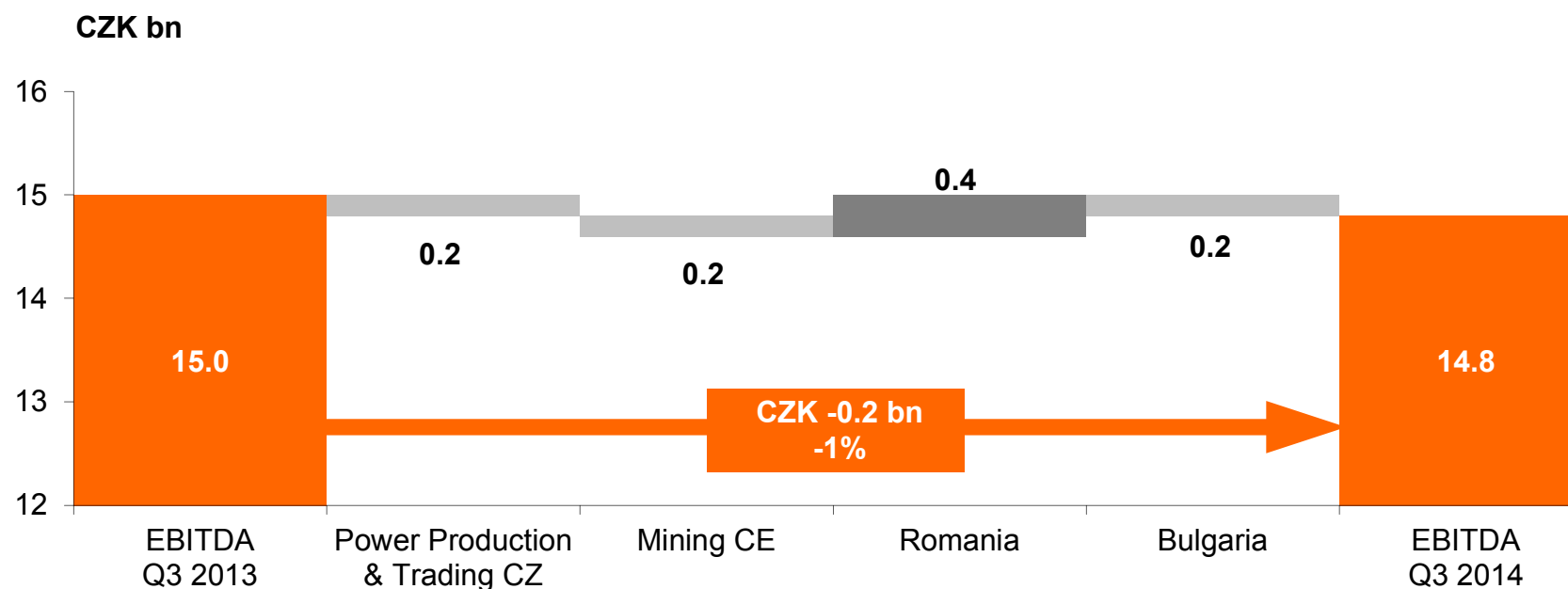
Other financial income/expenses (CZK -4.6 bn)

- Positive effect of the sale of Chvaletice Power Plant in 2013 (CZK -2.9 bn)
- Extraordinary one-off impact of excluding CEZ Shpërndarje from the consolidated CEZ Group in January 2013 (CZK -1.8 bn)
- Lower economic results of associates in Turkey due to lower production at hydropower plants (CZK -0.3 bn)
- Dividends received from MOL CZK +0.4 bn)

Net income adjustment

- Q1–Q3 2013: lowered by the extraordinary effects of the exclusion of CEZ Shpërndarje from the consolidated group (CZK -2.9 bn) and the sale of Chvaletice Power Plant (CZK -1.8 bn) and increased by the extraordinary effect of additions to fixed asset impairments (CZK +4.5 bn)
- Q1–Q3 2014: increased by the extraordinary effect of fixed asset impairments (CZK +4.6 bn)

DEVELOPMENT IN Q3



CEZ Group EBITDA (CZK -0.2 bn):

- Power Production & Trading CE (CZK -0.2 bn):** Decline in electricity realization price, decrease in production volume (CZK -2.2 bn), lower additions to emission allowance provisions than in 2013 (CZK +0.7 bn), adjustment of commodity derivatives (CZK +0.5 bn), and reduced fixed operating costs (CZK +0.3 bn)
- Mining CE (CZK -0.2 bn):** Lower revenue from coal sales, especially due to lower demand for sorted coal due to warm winter
- Romania (CZK +0.4 bn):** Addition to allowances for debts of state railways and postal service in 2013
- Bulgaria (CZK -0.2 bn):** Lower margin on distributed electricity due to negative price decision from July 1, 2014 (CZK -0.1 bn), decreased regulated purchase price of quota production and less cold reserve availability sold (CZK -0.1 bn)

DEVELOPMENT IN Q3—CONTINUED



(CZK bn)	Q3 2013	Q3 2014	Change	%
EBITDA	15.0	14.8	-0.2	-1%
Depreciation, amortization and impairments	-11.6	-10.1	+1.6	+13%
Financial and other income (expenses)	0.8	-1.8	-2.7	-
Income taxes	-1.1	-0.5	+0.5	+49%
Net income	3.1	2.4	-0.8	-25%
<i>Net income - adjusted</i>	4.8	4.9	+0.1	+2%

Depreciation, amortization, and impairments* (CZK +1.6 bn):

- Lower additions to fixed asset impairments in Q3

Other financial income/expenses (CZK -2.7 bn)

- Positive effect of the sale of Chvaletice Power Plant in 2013 (CZK -2.9 bn)
- Lower economic results of associates in Turkey due to lower production at hydropower plants (CZK -0.4 bn)
- Effect of revaluation of MOL share option in 2013 (CZK +0.6 bn)

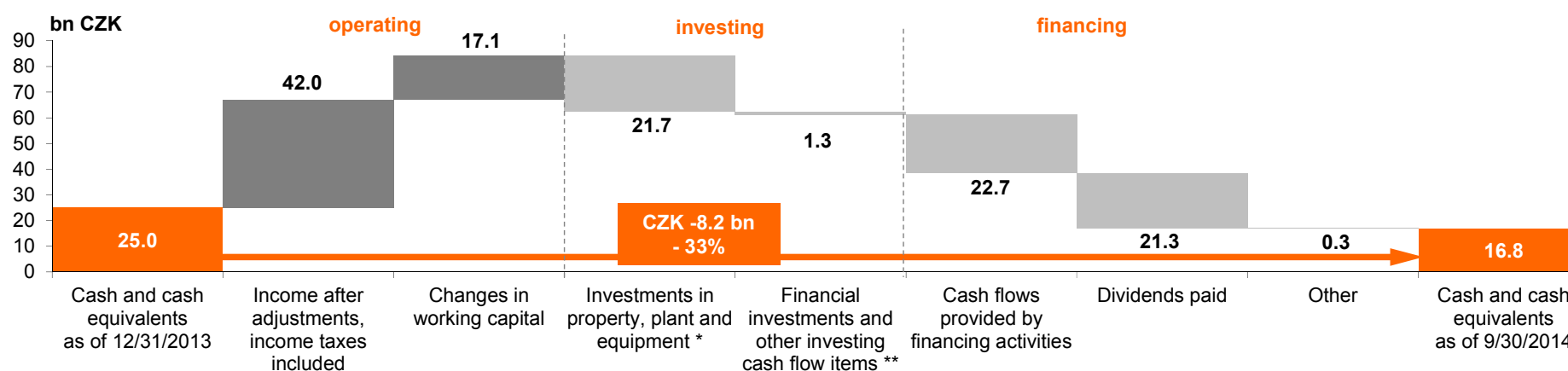
Income tax (CZK +0.5 bn)

- Drop influenced by additions to fixed asset impairments

Net income adjustment

- In Q3 2013: increased by the extraordinary effect of fixed asset impairments (CZK +4.5 bn) and lowered by the extraordinary effect of the sale of Chvaletice Power Plant (CZK -2.9 bn)
- In Q3 2014: increased by the extraordinary effect of fixed asset impairments (CZK +2.6 bn in total)

CASH FLOW



Cash flows from operating activities (CZK +59.1 bn)

- Income after adjustments (CZK +42.0 bn): earnings before tax (CZK +24.4 bn); depreciation and amortization of nuclear fuel (CZK +23.2 bn); dividends received (CZK +0.8 bn); income tax paid (CZK -5.8 bn); net balance of interest expenses and income excl. capitalization (CZK -2.4 bn); other (CZK +1.8 bn)
- Changes in working capital (CZK +17.1 bn): drop in liquid securities (CZK +10.3 bn); drop in inventories of emission allowances, fossil fuels, and materials (CZK +3.2 bn); change in the balance of payables and receivables from derivatives (CZK +2.8 bn); change in the balance of payables and receivables incl. advances and accruals (CZK +0.7 bn); other (CZK +0.1 bn)

Cash flows used in investing activities (CZK -22.9 bn)

- Investments in property, plant and equipment—CAPEX (CZK -21.7 bn), see details in Annex
- Payables from acquisition of fixed assets—pre-investment (CZK -1.7 bn)
- Other (CZK +0.5 bn), especially repayments of loans granted and sales of fixed assets

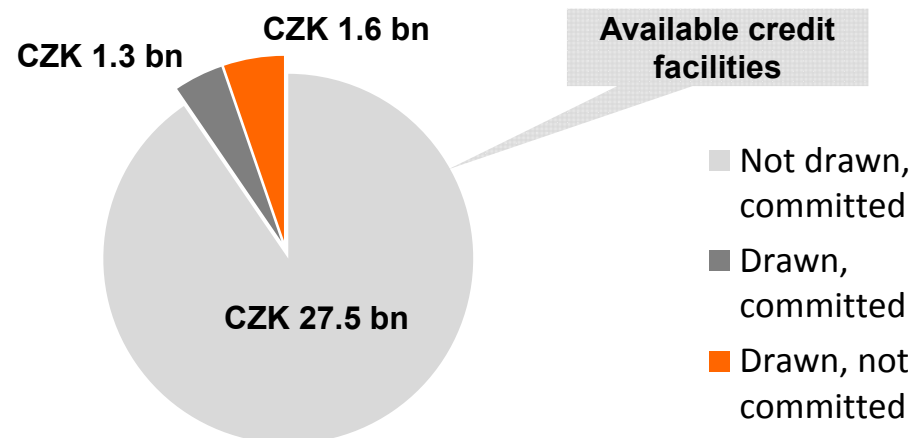
Cash flows used in financing activities (CZK -44.3 bn)

- Proceeds from/repayments of credit facilities and loans (CZK -22.7 bn); dividends paid (CZK -21.3 bn); other - especially dividends paid to non-controlling interests (CZK -0.2 bn) and the effect of exchange rate differences (CZK -0.1 bn)

CEZ GROUP MAINTAINS A STRONG POSITION OF LIQUIDITY

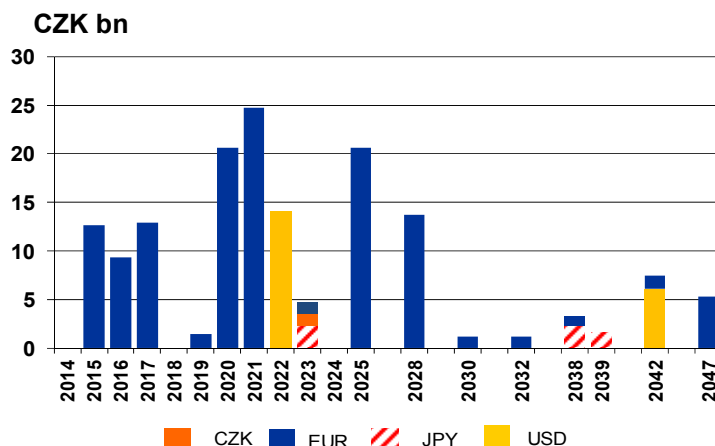


Utilization of short-term lines (as of September 30, 2014)



- CEZ Group has access to CZK 28.8 bn in committed credit facilities, using CZK 1.3 bn as of September 30, 2014.
- Non-committed credit facilities are used primarily. Committed facilities are kept as a reserve for covering unexpected needs.
- The 6th bond issue worth EUR 600 m was duly paid on July 18, 2014.
- Payout of dividends for 2013 (CZK 21.4 bn) started on August 1, 2014. 99% of the amount was paid by September 30, 2014.

Bond maturity profile (as of September 30, 2014)





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WHOLESALE MARKET REFLECTS THE DEVELOPMENT OF ENERGY REGULATION IN EUROPE



WHOLESALE MARKET

- Wholesale electricity prices on the European market stagnated in the last quarter; at the moment, electricity price at EEX is around EUR 34/MWh (CAL 15—2015 year baseload)
- The price of EUAs on the market is around EUR 6/t
- The price of green certificates in Romania remains at the statutory minimum of RON 130
- On November 19, the 3M Market Coupling (CZ, SK, HU) will expand to include Romania, completing the 4M Market Coupling project to interconnect daily trading in those countries based on implicit allocations of cross-border capacities

AGREEMENT REACHED WITH RWE ON MODIFYING GAS CONTRACT TERMS

- CEZ and RWE modified their contract for long-term gas deliveries. The contract was originally limited to gas deliveries for the Počerady CCGT plant for 15 years after commencement of commercial operation.
- The current contract includes more precise times for prices, with the current price valid for just 2 years (from October 1, 2014).
- The current contract newly allows CEZ to use the gas for sale and re-sale purposes, too

NEGOTIATIONS ON VARNA POWER PLANT UPGRADE WERE TERMINATED

- Financial return on investment in an upgrade to the power plant, which will not comply with emission and other environmental limits starting from 2015, is not guaranteed under current market conditions.
- Negotiations with the state-owned energy company concerning funding for the Varna plant upgrade were terminated, which means that its operation will be suspended effective January 1, 2015.

EU ETS WILL REMAIN THE MAIN TOOL FOR EU ENERGY DECARBONIZATION EVEN AFTER 2020



Approval of EU ETS reform is expected in the middle of 2015 and it should bring:

- Partial reduction of oversupply of allowances with the aim to restore functionality of EU ETS system and thus stimulate investments into low carbon technologies and ensure cost efficient reduction of emissions
- Introduction of stabilization mechanism (MSR), which would ensure flexible supply of allowances depending on economic development and technology improvements

Key parameters of allocation of allowances post 2020 were defined:

A major portion of emission allowances will be auctioned

- Energy companies in countries with GDP per capita < 60% of EU average (Czech Rep. is eligible) will be allocated allowances (no more than 40% of auctioned allowances) in exchange for investments
- Industrial sectors at risk of losing international competitiveness will continue to receive free allocations
- A supporting facility will be created for innovative projects (“NER400”)

2% of emission allowances will be placed in a reserve fund

- To be used by countries with GDP per capita < 60% of EU average (Czech Rep. is eligible)
- For investments in energy efficiency and upgrades of energy systems
- Funds distributed among countries on the basis of GDP (50%) and historical emissions (50%) criteria
- EIB involved in the financing and in the selection of projects for funding

CEZ GROUP'S ELECTRICITY GENERATION IN 2014



GENERATION IN THE CZECH REPUBLIC

- We expect nuclear power production to be on the same level as last year (totaling app. 30.7 TWh)
- Our expectation for generation at coal-fired plants is 26.2 TWh, i.e. below the 2013 level, mainly due to the divestment of Chvaletice Power Plant in 2013 and due to overhauls and environmental upgrades in our plant portfolio
- Hydro plants have a significant drop in production due to below-average precipitation in 2014; by contrast, pumped-storage plants will highly exceed last year's record-making production thanks to demand for grid stabilization capacity

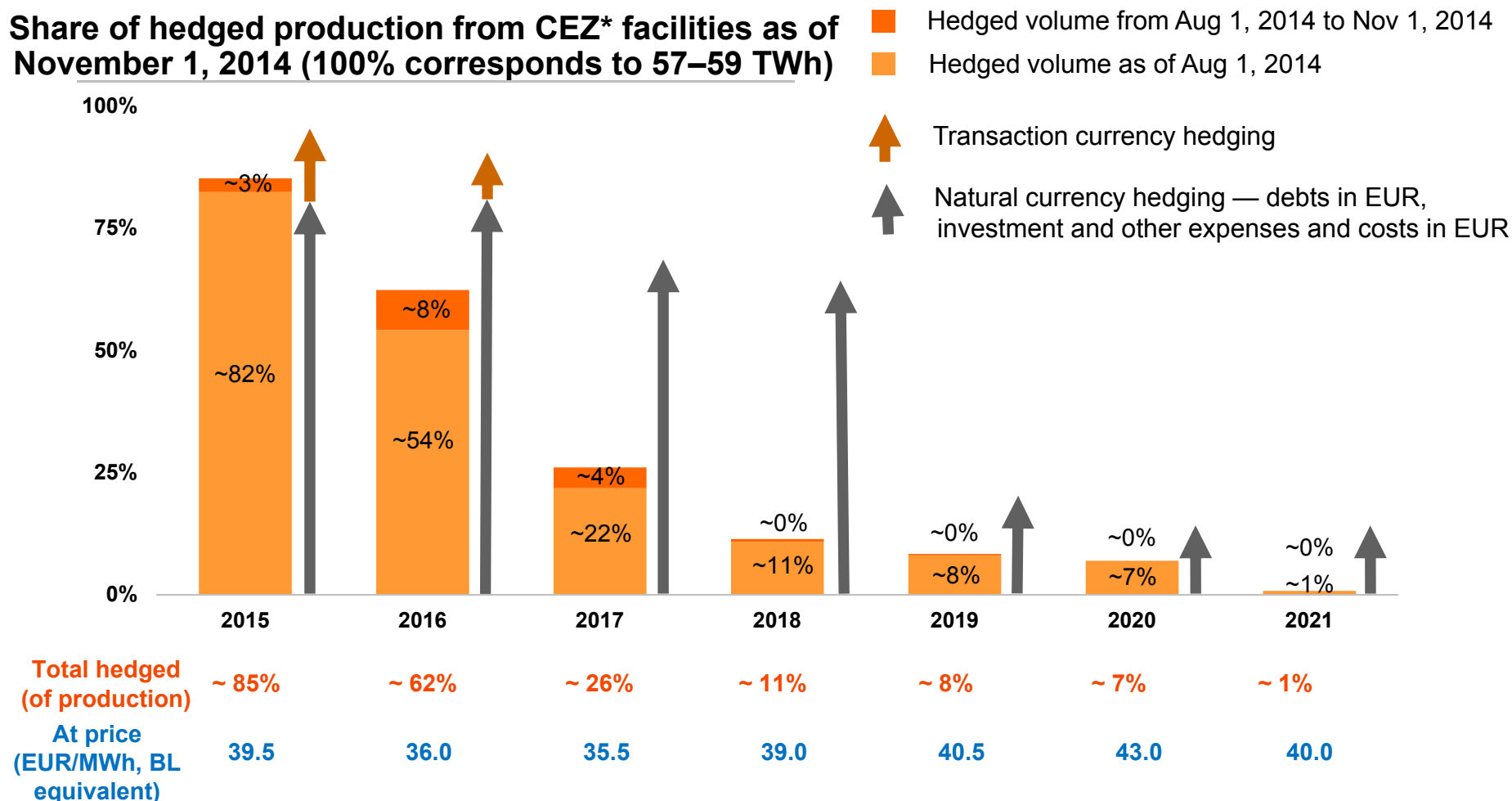
GENERATION ABROAD

- We expect the production of coal-fired plants in Poland to be on a par with last year (around 2.6 TWh)
- Our expectation for generation at the Romanian wind park is about the same as last year (around 1.2 TWh)
- As for the Varna, Bulgaria coal-fired plant, we expect a slight increase in production, mainly due to greater deliveries to the free market reflecting the suspension of operation at the end of 2014 (around 0.9 TWh in total)

CEZ CONTINUES HEDGING ITS REVENUES FROM SALES OF ELECTRICITY IN THE MEDIUM TERM IN LINE WITH STANDARD POLICY



Share of hedged production from CEZ* facilities as of November 1, 2014 (100% corresponds to 57–59 TWh)



WE STAY IN CONTACT WITH OUR CUSTOMERS AND KNOW WHAT THEY WANT



837,000

people visit our customer centers every year

2,304,000

calls to the customer line

750,000

handled e-mail requests

WE OFFER OUR CUSTOMERS FAIR PRICES AND SERVICES



-20%

We reduced the price of power electricity by **20%** on average between 2012 and 2014. We saved our customers CZK 2.7 bn.

-10%

We introduced another price reduction of **10%** in October, plus a product that guarantees the price of power electricity will never grow. With ČEZ Garant, the price of electricity can only drop.

**Approx.
+30**

ČEZ has introduced approximately **30** measures to simplify and streamline customer communication since the beginning of this year.



ČEZ PRODEJ COMPLIES WITH WISHES OF ITS CUSTOMERS IN ANY SITUATION



- **ČEZ ON-LINE mobile app**—an efficient and convenient self-service tool, changing advance payments and account numbers, consumption simulation, contact points overview.
- Free **text and e-mail messages** with information on planned outages in ČEZ Distribuce's distribution area.
- **New payment tools**—e.g. a payment gateway implemented on www.cez.cz will newly allow using a card to pay for our services.
- **Consulting for specific situations**—on energy legislation and for customers in non-standard situations.
- We are preparing **simplified invoices** to help customers know what they pay for and how much.
- We have improved our offering of **repayment plans** for those who cannot duly pay their electricity or gas bills due to unforeseen circumstances
- Besides a diverse range of products, we offer additional services such as **ČEZ Assistant** or **ČEZ No Risk**—payment protection insurance covering regular payments for energy.



ČEZ DISTRIBUCE ALSO INTRODUCES NEW SOLUTIONS FOR ITS CUSTOMERS AND EXPANDS ITS SERVICES



- **Planned outages** - public information about an address affected by an outage is detailed to the level of house/plot number (www.cezdistribuce.cz).
- **Simplified metering complaint process** to make it easier for ČEZ Distribuce customers to know when and how their complaint will be resolved.
- **Website** - new design, well-arranged information, tips and hints, interactive online forms and pre-filled templates.
- **Distribution portal development**
ČEZ Distribuce started publishing information about connection points affected by routine outages.
New service for ČEZ Distribuce customers to view the status of a connection/relocation request.



ANNEXES



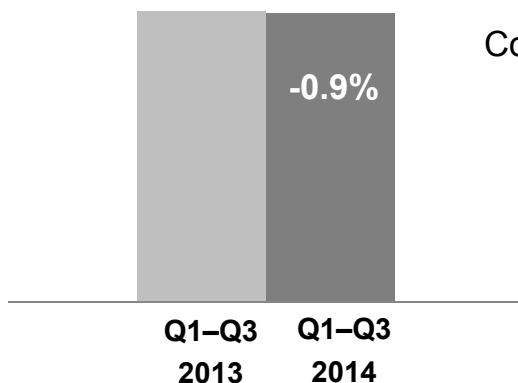
- Electricity consumption
- Production in the Czech Republic
- Production abroad
- Coal mining
- Market developments
- Investments in fixed assets
- Balance sheet overview
- Balance of electricity

ELECTRICITY CONSUMPTION IN CEZ GROUP DISTRIBUTION AREA IN THE CZECH REPUBLIC SLIGHTLY DECLINED DUE TO AN EXCEPTIONALLY WARM WINTER IN 2014



Consumption in CEZ's distribution area

TWh 24.82* 24.60*

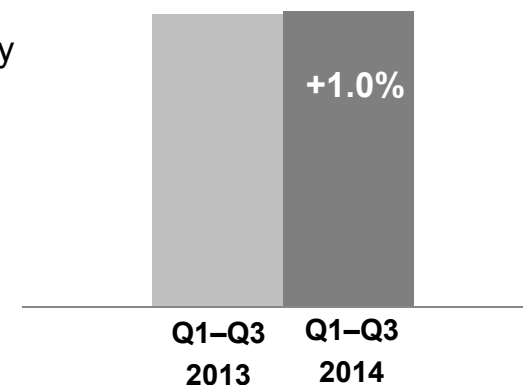


Consumption development (-0.9%) by segment:**

- -6.6% households
- -4.3% small businesses
- +2.6% wholesale customers

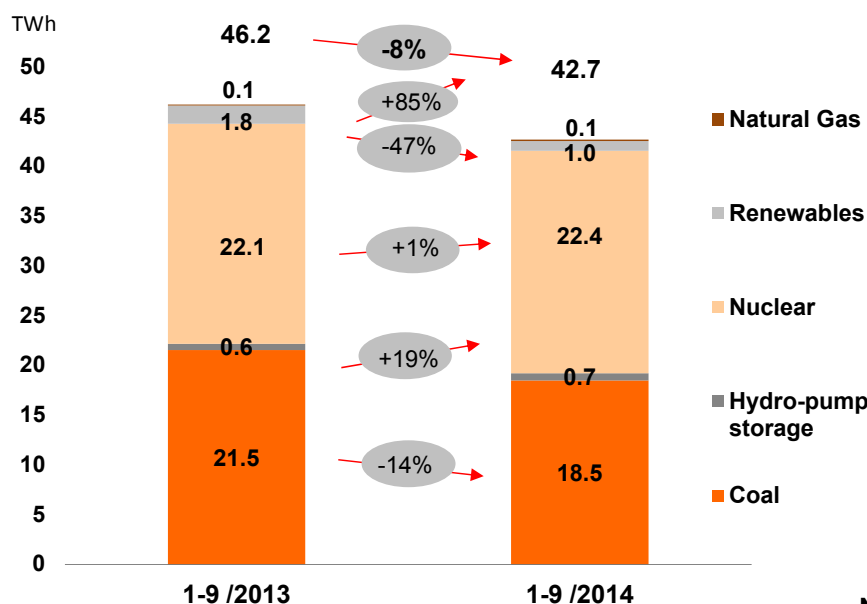
Consumption (temperature adjusted)**

TWh 24.76 25.00



- Analysis based solely on CEZ Group's internal data
- The distribution area of CEZ Group covers around 5/8 of the Czech Republic's territory so the data is a good indicator of nationwide consumption trends.

CZECH REPUBLIC—Y-O-Y DROP IN PRODUCTION REFLECTS MAINLY THE SALE OF CHVALETICE POWER PLANT IN 2013



Nuclear power plants (+1%)

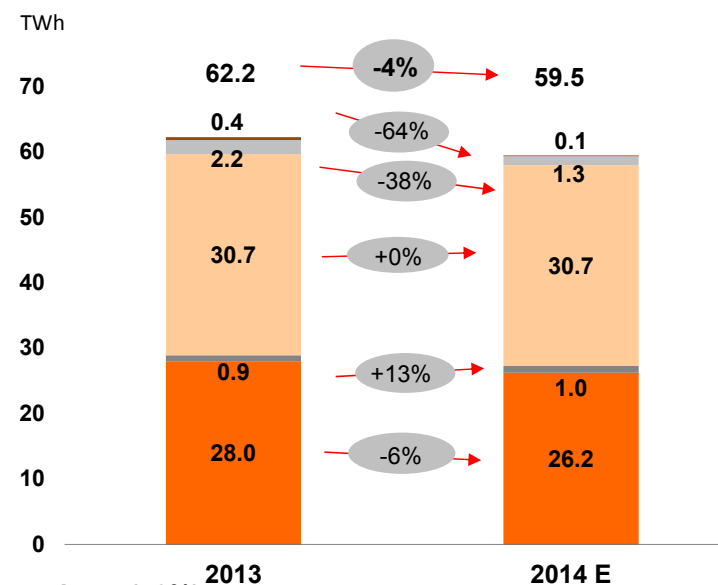
- + Shorter outages and increased capacity of Dukovany NPP
- + Shorter outages of Temelin NPP

Coal-fired power plants (-14%)

- Sale of Chvaletice Power Plant in September 2013
- Effect of plant overhauls and environmental upgrades

Renewable sources (-47%)

- Lower flow rates at hydro plants due to hydrometeorologic conditions



Nuclear power plants (+0%)

- + Shorter outages of Dukovany NPP and increased capacity of Temelin NPP
- Longer planned outages of Temelin NPP

Coal-fired power plants (-6%)

- Sale of Chvaletice Power Plant and decommissioning of 2 units of Ledvice 2 Power Plant
- Planned outages at Počerady Power Plant due to environmental upgrades
- + Test operation of Ledvice 4 Power Plant (new facility)

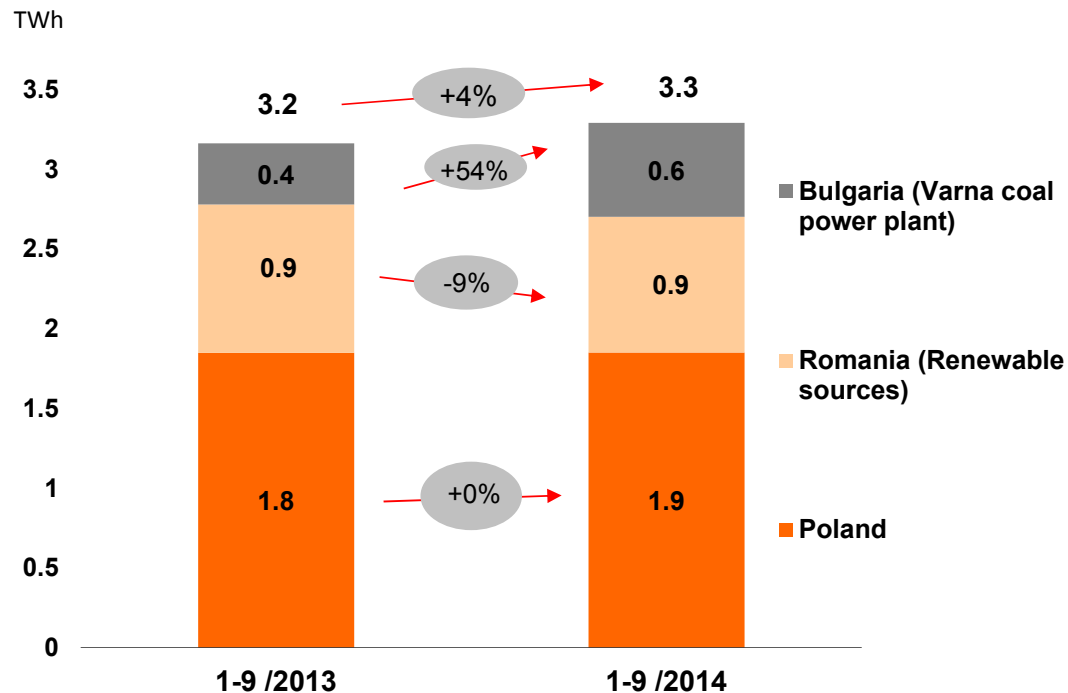
Renewable sources (-38%)

- Lower flow rates at hydro plants (due to hydrometeorologic conditions)

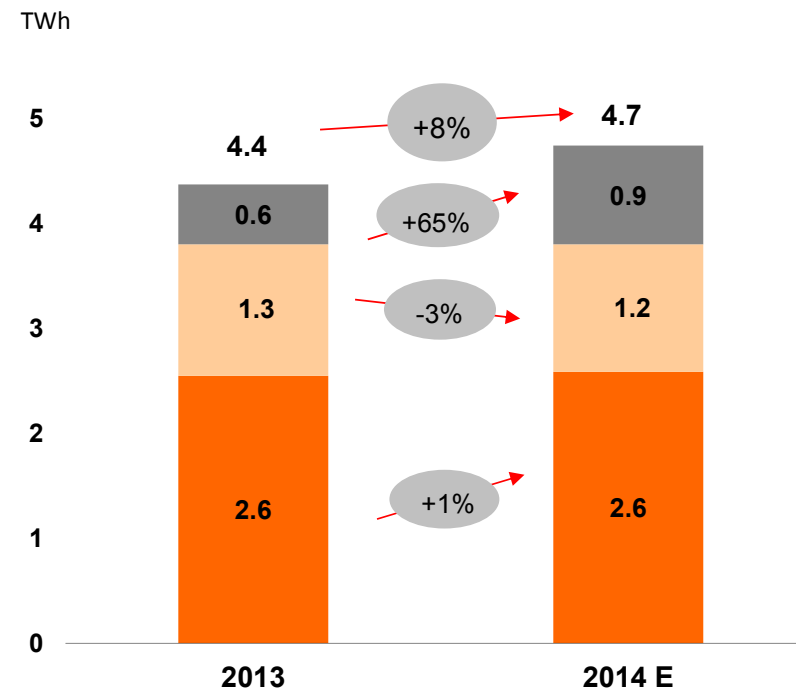
Natural gas (-64%)

- Lower production at Počerady CCGT

ABROAD—WE ARE EXPECTING SLIGHT GROWTH IN PRODUCTION



- Bulgaria—coal-fired Varna plant (+54%)**
 + Production for free market (for CEZ Trade Bulgaria in July–September)
- Romania RES (-9%)**
 – Lower wind farm production due to worse weather conditions
 + Production at Reșița hydro plant after upgrade completion in 2013



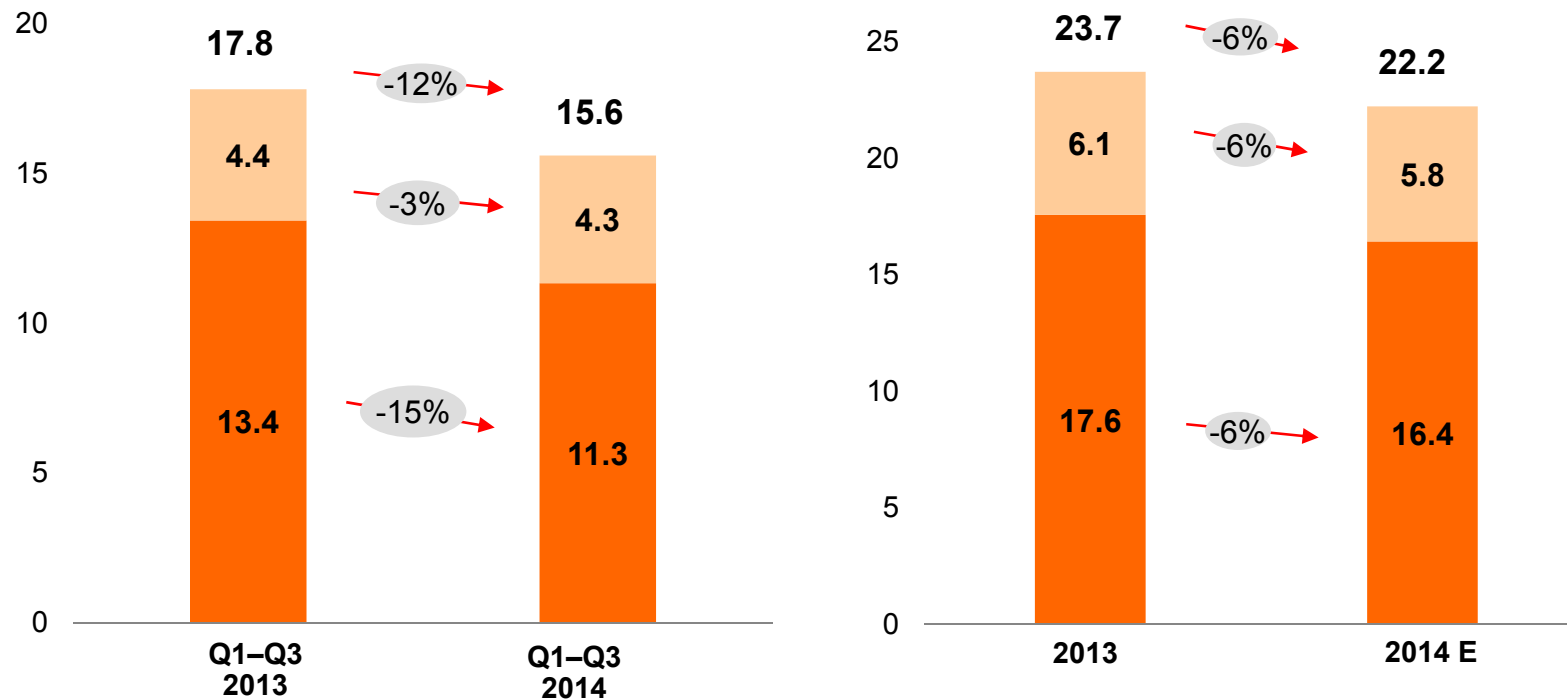
- Bulgaria—coal-fired Varna plant (+65%)**
 + Production for free market (six-month contract for CEZ Trade Bulgaria)
- Romania RES (-3%)**
 – Lower wind farm production due to worse weather conditions
 + Production at Reșița hydro plant after upgrade completion in 2013 partially cushions the impact of lower wind farm production

SEVEROČESKÉ DOLY LOWER COAL EXTRACTION REFLECTS DECREASE IN DEMAND



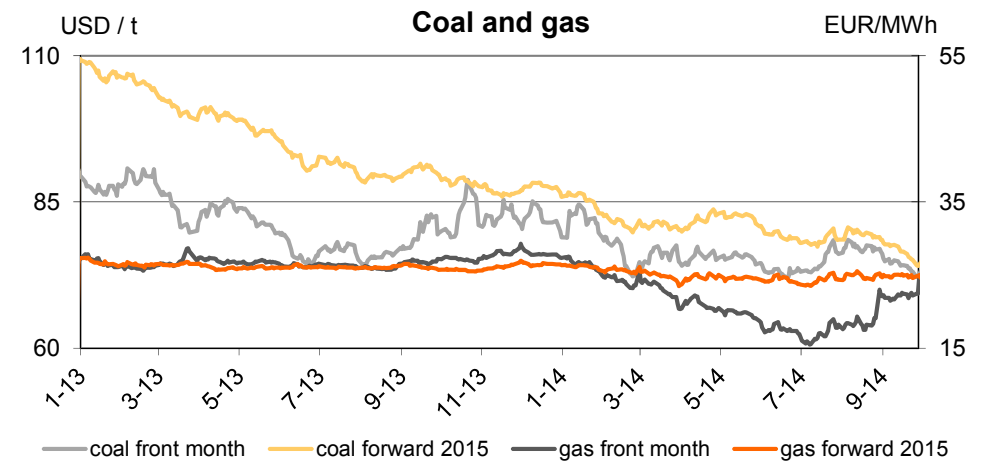
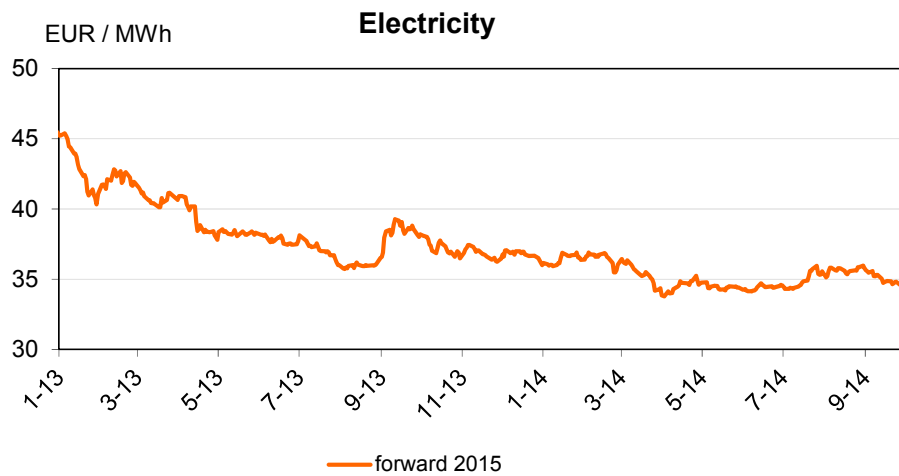
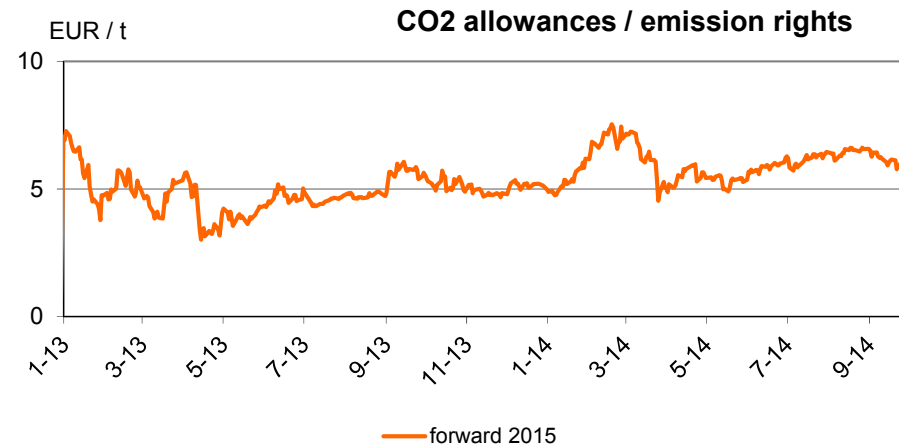
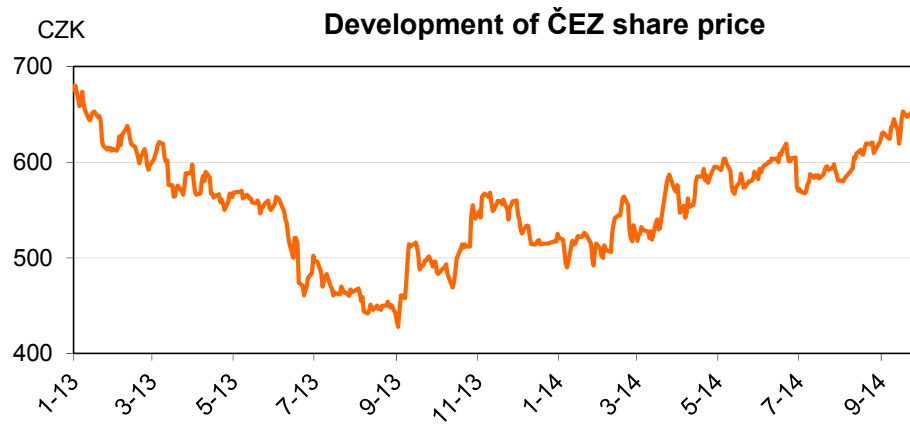
Coal Mining (m tons)

Other customers
 ČEZ*



■ downswing in demand for sorted coal due to extremely warm winter and lower demand by ČEZ

MARKET DEVELOPMENTS



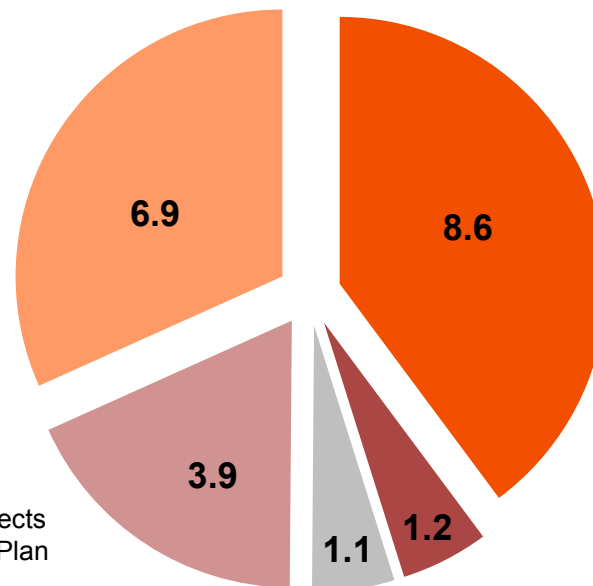
INVESTMENTS IN FIXED ASSETS (CAPEX)



CZK 21.7 bn in total (Q1–Q3 2014)

Electricity distribution:

- Czech Republic: CZK 5.4 bn
- Romania: CZK 1.0 bn
- Bulgaria: CZK 0.5 bn



Conventional plants—mainly investments in:

- New Ledvice plant
- Počerady CCGT plant
- Comprehensive renewal of Prunéřov power plant

Nuclear plants:

- Temelín & Dukovany NPPs—Undertaking projects to meet the requirements of the National Action Plan for Safety Enhancement
- Dukovany NPP—Projects in relation to the planned extension of operation beyond 2015
- Temelín NNPP — Continuation of activities with the aim to preserve and increase value and prepare the project for possible alternative investing and financing arrangements
- Dukovany NNPP—Preparation of supporting documents for the initiation of the EIA process and a technical data of the site for future tender documents

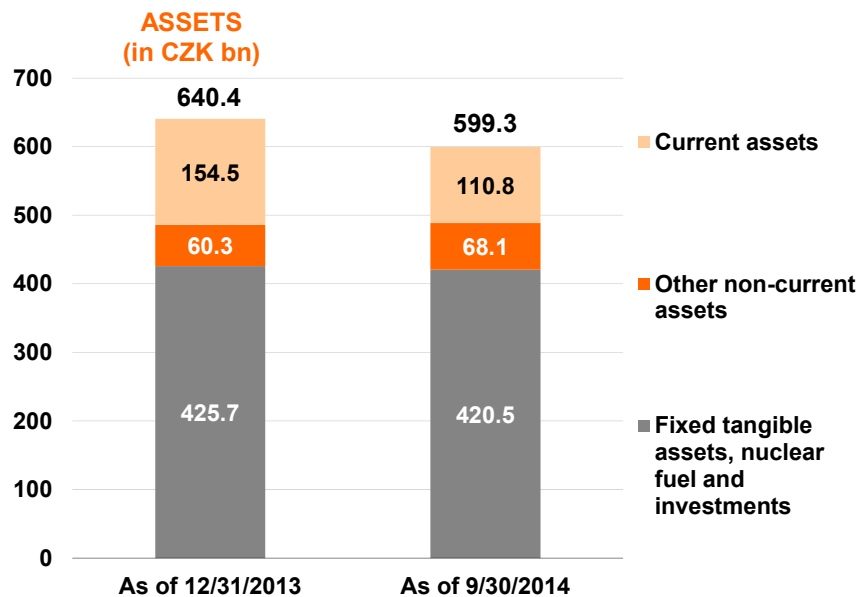
Mining - Renovating and upgrading equipment and dressing and crushing operations, dust reduction

BALANCE SHEET OVERVIEW



Fixed Assets

- Decrease in tangible fixed assets of CZK -5.2 bn due to depreciation, amortization, and impairments, partially compensated by investment in unit renewal and construction
- Increase in other non-current assets of CZK +7.8 bn, especially asset reclassification in relation to investment in MOL (CZK +8.2 bn)

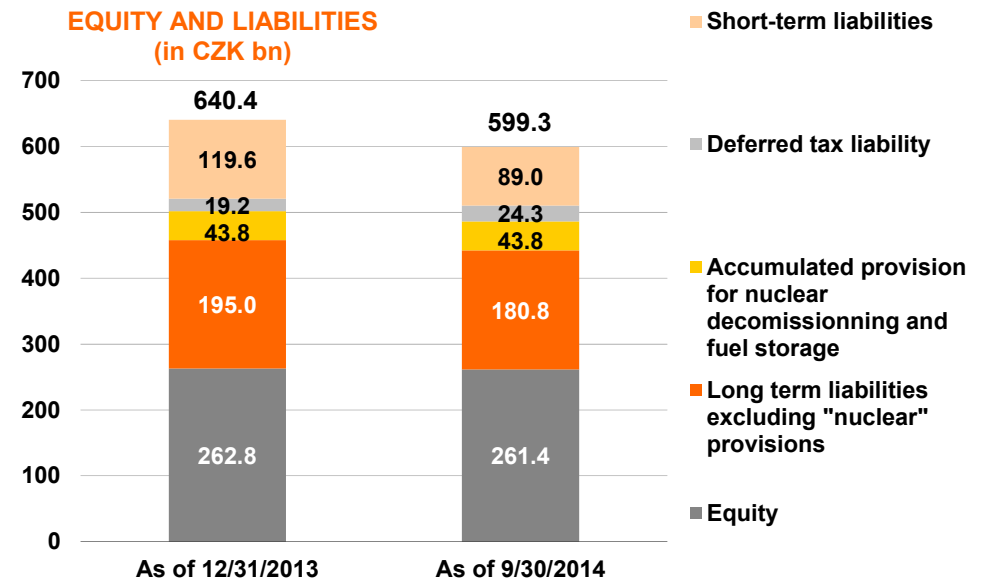


Current Assets

- Decrease in receivables, CZK -22.5 bn net, especially asset reclassification in relation to investment in MOL and decrease in trade receivables
- Decrease in highly liquid securities of CZK -10.3 bn and cash and cash equivalents of CZK -8.2 bn in relation to dividend payout
- Other, CZK -2.7 bn, especially drop in emission allowances

Equity and Long-Term Liabilities

- Decrease in equity of CZK -1.3 bn: approval of dividends of CZK -21.5 bn, growth of net income of CZK +19.6 bn, other comprehensive income of CZK +0.6 bn
- Decrease in long-term liabilities of CZK -14.2 bn: especially due to repayments of long-term bank loans of CZK -6.7 bn and issued bonds of CZK -5.8 bn and decrease in other long-term liabilities of CZK -1.7 bn, esp. long-term derivative liabilities



Current Liabilities

- Decrease of liabilities from derivative trading of CZK -9.1 bn
- Decrease in current portion of long-term debt, incl. short-term bank loans of CZK -7.9 bn
- Decrease in trade payables incl. advances of CZK -4.7 bn and unbilled deliveries of CZK -4.2 bn
- Decrease in emission allowance provision of CZK -2.9 bn
- Other, CZK -1.8 bn, especially decrease in income tax liability

Electricity balance (GWh)

	Q1 - Q3 2013	Q1 - Q3 2014	Index 2014/2013
Electricity procured	44,564	41,338	-7%
Generated in-house (gross)	49,358	45,961	-7%
In-house and other consumption, including pumping in pumped-storage plants	-4,794	-4,623	-4%
Sold to end customers	-26,967	-25,687	-5%
Sold in the wholesale market (net)	-13,971	-12,170	-13%
Sold in the wholesale market	-136,008	-131,477	-3%
Purchased in the wholesale market	122,037	119,307	-2%
Grid losses	-3,626	-3,481	-4%

Electricity generation by source (GWh)

	Q1 - Q3 2013	Q1 - Q3 2014	Index 2014/2013
Nuclear	22,142	22,362	+1%
Coal and lignite	23,522	20,645	-12%
Water	2,122	1,453	-32%
Biomass	444	446	+0%
Photovoltaic	110	119	+8%
Wind	937	789	-16%
Natural gas	79	146	+85%
Bio gas	2	1	-23%
Total	49,358	45,961	-7%

Sales of electricity to end customers (GWh)

	Q1 - Q3 2013	Q1 - Q3 2014	Index 2014/2013
Households	-9,754	-9,276	-5%
Commercial (low voltage)	-4,725	-4,323	-9%
Commercial and industrial (medium and high voltage)	-12,487	-12,087	-3%
Sold to end customers	-26,967	-25,687	-5%
Distribution of electricity to end customers	-35,556	-35,200	-1%

Electricity balance (GWh)

Q1 - Q3 2014	Power Production & Trading CE		Distribution & Sale CE		Power Production & Trading SEE		Distribution & Sale SEE		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Electricity procured	39,951	-8%	0	-	1,386	+8%	0	-	0	-	41,338	-7%
Generated in-house (gross)	44,520	-7%	0	-	1,441	+10%	0	-	0	-	45,961	-7%
In-house and other consumption, including pumping in pumped-storage plants	-4,568	-4%	0	-	-55	+105%	0	-	0	-	-4,623	-4%
Sold to end customers	-50	-89%	-16,544	-2%	0	-	-9,093	-6%	0	-	-25,687	-5%
Sold in the wholesale market (net)	-39,902	-7%	18,394	-2%	-1,386	+8%	10,724	-6%	0	+154%	-12,170	-13%
Sold in the wholesale market	-149,502	-3%	-2,791	+20%	-1,387	+8%	-748	-16%	22,951	-1%	-131,477	-3%
Purchased in the wholesale market	109,600	-2%	21,185	+1%	0	-	11,473	-7%	-22,951	-1%	119,307	-2%
Grid losses	0	-	-1,850	-1%	0	-	-1,631	-7%	0	-	-3,481	-4%

Electricity generation by source (GWh)

Q1 - Q3 2014	Power Production & Trading CE		Distribution & Sale CE		Power Production & Trading SEE		Distribution & Sale SEE		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	22,362	+1%	0	-	0	-	0	-	0	-	22,362	+1%
Coal and lignite	20,060	-13%	0	-	585	+55%	0	-	0	-	20,645	-12%
Water	1,384	-35%	0	-	69	-	0	-	0	-	1,453	-32%
Biomass	446	+0%	0	-	0	-	0	-	0	-	446	+0%
Photovoltaic	114	+8%	0	-	5	-5%	0	-	0	-	119	+8%
Wind	6	-2%	0	-	782	-16%	0	-	0	-	789	-16%
Natural gas	146	+85%	0	-	0	-	0	-	0	-	146	+85%
Bio gas	1	-23%	0	-	0	-	0	-	0	-	1	-23%
Total	44,520	-7%	0	-	1,441	+10%	0	-	0	-	45,961	-7%

Sales of electricity to end customers (GWh)

Q1 - Q3 2014	Power Production & Trading CE		Distribution & Sale CE		Power Production & Trading SEE		Distribution & Sale SEE		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	0	-	-5,116	-9%	0	-	-4,160	+1%	0	-	-9,276	-5%
Commercial (low voltage)	-1	+114%	-1,887	-10%	0	-	-2,435	-7%	0	-	-4,323	-9%
Commercial and industrial (medium and high voltage)	-49	-89%	-9,541	+5%	0	-	-2,498	-15%	0	-	-12,087	-3%
Sold to end customers	-50	-89%	-16,544	-2%	0	-	-9,093	-6%	0	-	-25,687	-5%
Distribution of electricity to end customers	0	-	-23,996	-1%	0	-	-11,205	-1%	0	-	-35,200	-1%

Electricity balance (GWh)

Q1 - Q3 2014	Czech Republic		Poland		Other Central Europe		Bulgaria		Romania		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Electricity procured	38,318	-8%	1,634	+1%	0	-	546	+53%	840	-10%	0	-	41,338	-7%
Generated in-house (gross)	42,668	-8%	1,851	+0%	0	-	590	+54%	851	-9%	0	-	45,961	-7%
In-house and other consumption, including pumping in pumped-storage plants	-4,351	-4%	-218	-4%	0	-	-44	+65%	-11	-	0	-	-4,623	-4%
Sold to end customers	-14,266	-6%	-309	+8%	-2,019	+14%	-6,771	-6%	-2,322	-7%	0	-	-25,687	-5%
Sold in the wholesale market (net)	-22,202	-10%	-1,325	-1%	2,019	+14%	7,052	-8%	2,285	-8%	0	-	-12,170	-13%
Sold in the wholesale market	-131,720	-4%	-1,722	+2%	-106	-22%	-519	-4%	-1,075	-34%	3,665	-22%	-131,477	-3%
Purchased in the wholesale market	109,519	-2%	397	+16%	2,125	+11%	7,571	-8%	3,360	-18%	-3,665	-22%	119,307	-2%
Grid losses	-1,850	-1%	0	-	0	-	-827	-2%	-804	-12%	0	-	-3,481	-4%

Electricity generation by source (GWh)

Q1 - Q3 2014	Czech Republic		Poland		Other Central Europe		Bulgaria		Romania		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	22,362	+1%	0	-	0	-	0	-	0	-	0	-	22,362	+1%
Coal and lignite	18,460	-14%	1,599	-1%	0	-	585	+55%	0	-	0	-	20,645	-12%
Water	1,377	-35%	7	+19%	0	-	0	-	69	-	0	-	1,453	-32%
Biomass	201	-7%	245	+7%	0	-	0	-	0	-	0	-	446	+0%
Photovoltaic	114	+8%	0	-	0	-	5	-5%	0	-	0	-	119	+8%
Wind	6	-2%	0	-	0	-	0	-	782	-16%	0	-	789	-16%
Natural gas	146	+85%	0	-	0	-	0	-	0	-	0	-	146	+85%
Bio gas	1	-23%	0	-	0	-	0	-	0	-	0	-	1	-23%
Total	42,668	-8%	1,851	+0%	0	-	590	+54%	851	-9%	0	-	45,961	-7%

Sales of electricity to end customers (GWh)

Q1 - Q3 2014	Czech Republic		Poland		Other Central Europe		Bulgaria		Romania		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	-5,021	-10%	0	-	-96	+3%	-3,031	+1%	-1,129	+3%	0	-	-9,276	-5%
Commercial (low voltage)	-1,837	-10%	0	-	-51	-8%	-1,749	-10%	-686	+2%	0	-	-4,323	-9%
Commercial and industrial (medium and high voltage)	-7,408	-3%	-309	+8%	-1,872	+15%	-1,992	-10%	-506	-31%	0	-	-12,087	-3%
Sold to end customers	-14,266	-6%	-309	+8%	-2,019	+14%	-6,771	-6%	-2,322	-7%	0	-	-25,687	-5%
Distribution of electricity to end customers	-23,996	-1%	0	-	0	-	-6,524	-0%	-4,680	-3%	0	-	-35,200	-1%