CONFERENCE CALL ON CEZ GROUP FINANCIAL RESULTS IN 2016

AUDITED CONSOLIDATED RESULTS
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Prague, March 21, 2017

YEAR 2016
CEZ GROUP YEAR-END CONFERENCE CALL

CEZ Group in the Context of the European Energy Sector
Martin Novák, Chief Financial and Operations Officer

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CEZ Group's Ambitions for 2017
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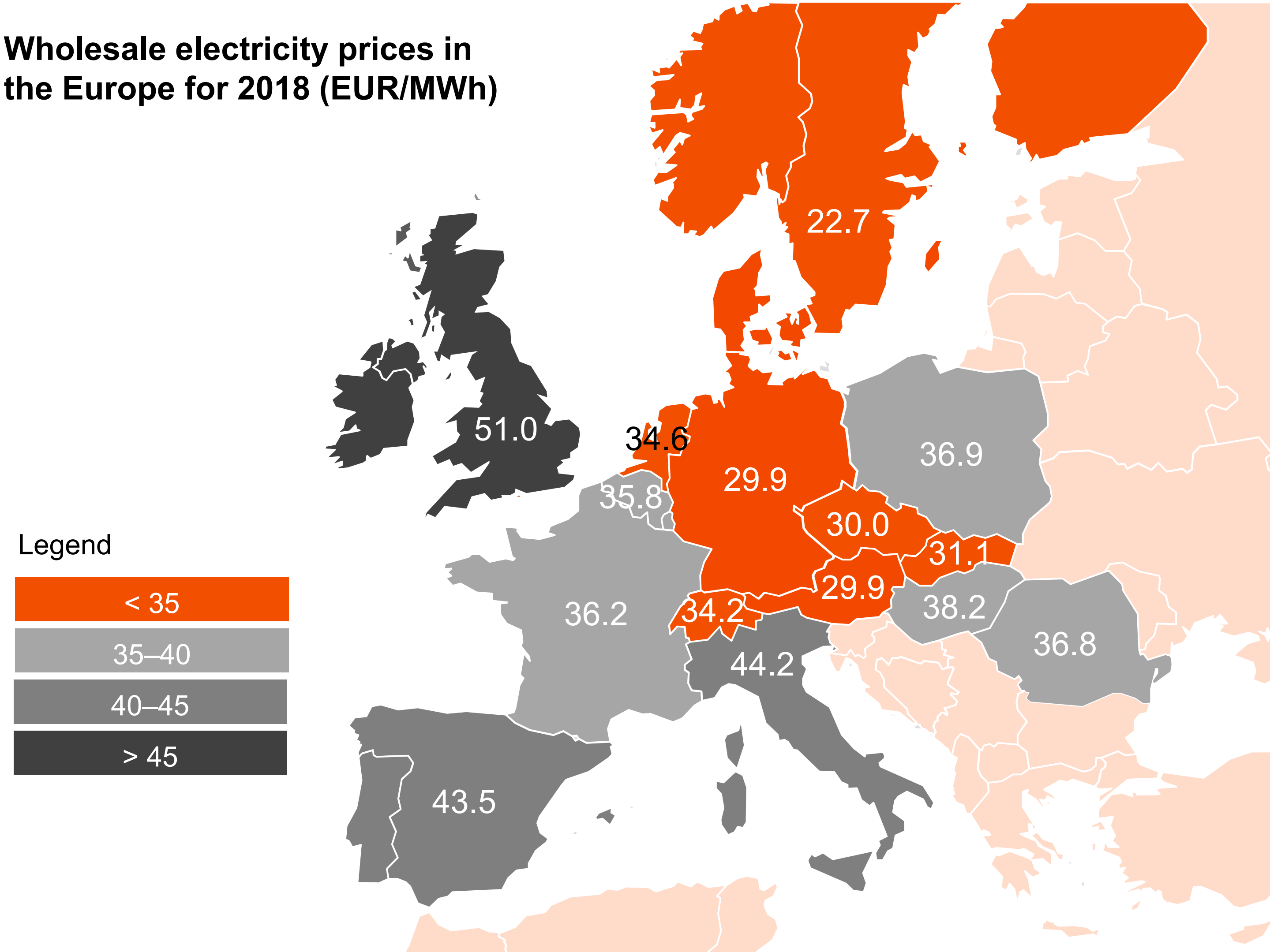
WHOLESALE ELECTRICITY PRICE IN CZECHIA IS AMONG THE LOWEST IN THE EU

Wholesale electricity prices in the Europe for 2018 (EUR/MWh)



THE MAIN TRENDS IN EUROPE'S ENERGY SECTOR REMAIN UNCHANGED

Traditional energy is stagnating but remains an indispensable part of the energy sector

- Electricity consumption is stagnating or decreasing
- Surplus of capacities, renewables (RES) are displacing conventional sources
- Pressure on margins from regulators and also new players

RES and decentralized energy are growing

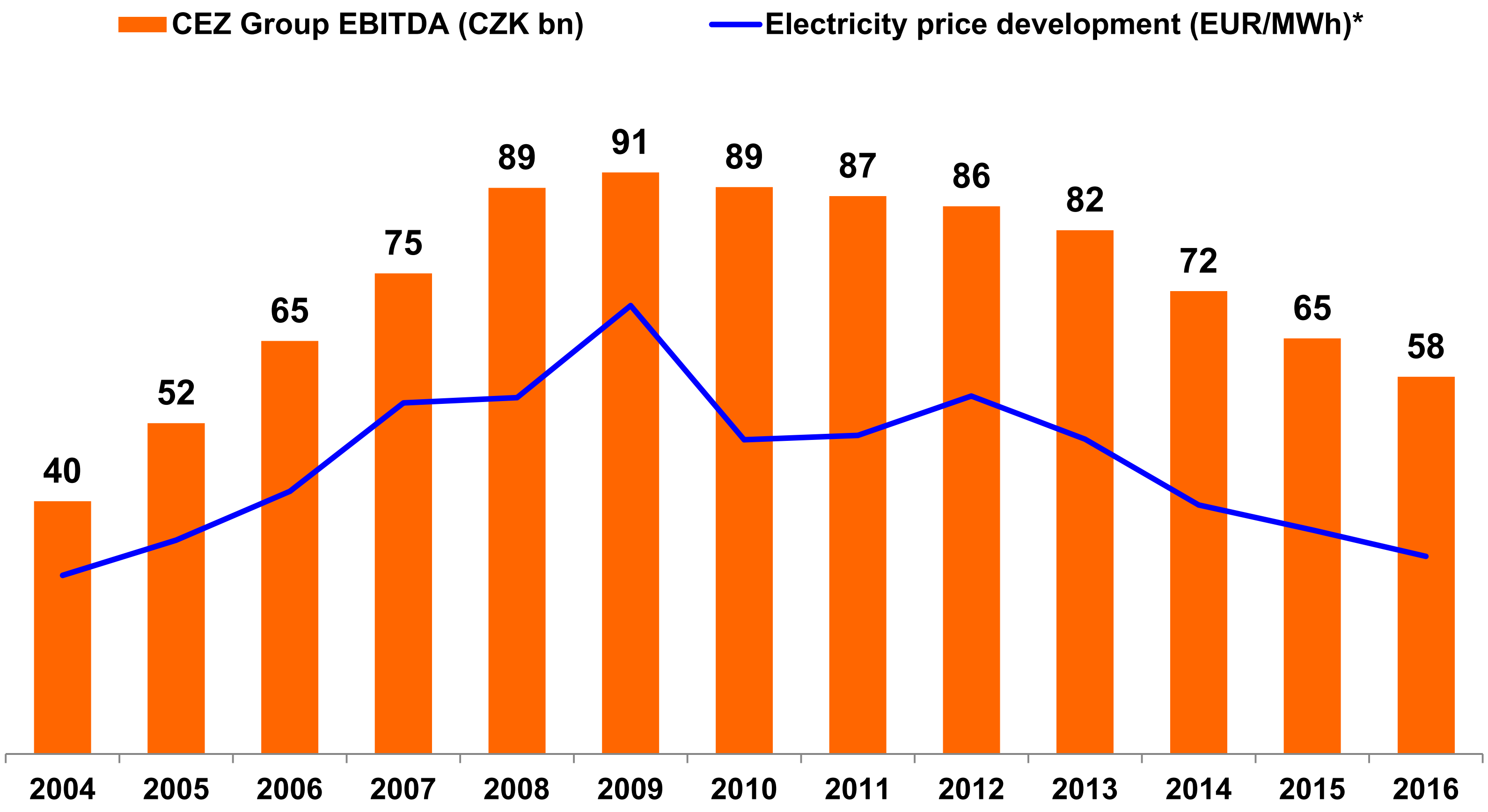
- RES and decentralized solutions represent the energy sector's future and thus the largest investment opportunity
- Main RES technologies are achieving cost-efficiency, which allow curtailing subsidies
- Development and consolidation of technology companies (e.g., Tesla or GE) result in decreasing costs of decentralized electricity generation and electricity storage

Customers are focusing on complex services related to energy utilization

- B2C segment: growing interest in energy, active management of consumption and own production
- B2B segment: outsourcing of energy and facility management as a whole in progress

RES—Renewable energy sources; B2C – business to consumer; B2B – business to business

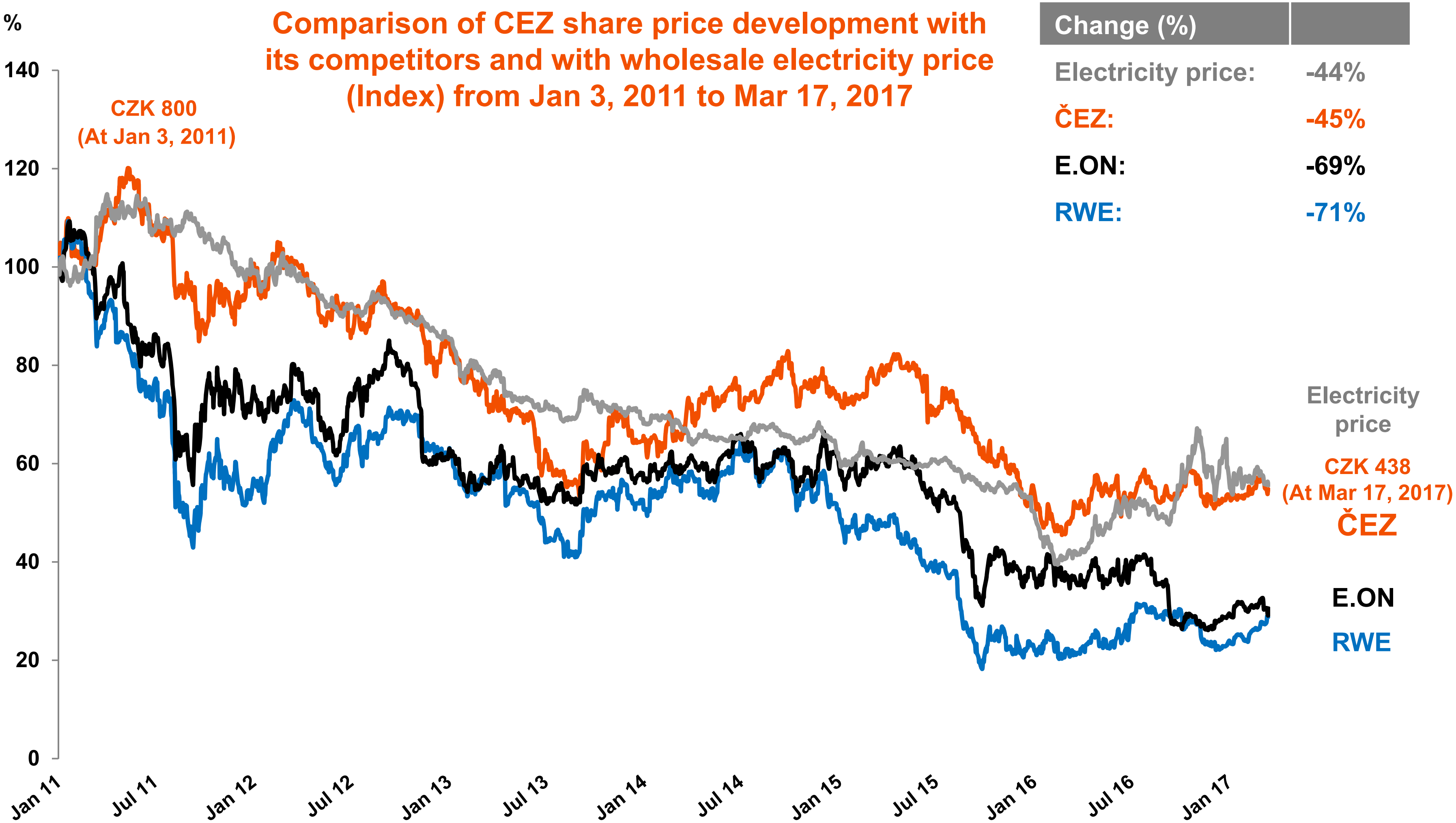
IMPACT OF ELECTRICITY PRICE DECLINE ON CEZ IS MITIGATED AND DELAYED BY ACTIVE MEASURES



* the average FW price of a year-ahead BL contract for a given year (i.e., the price traded at in the year preceding the year of delivery).

… WHICH IS ALSO CONFIRMED BY CEZ SHARE PRICE DEVELOPMENT

Comparison of CEZ share price development with its competitors and with wholesale electricity price (Index) from Jan 3, 2011 to Mar 17, 2017



Change (%)	
Electricity price:	-44%
ČEZ:	-45%
E.ON:	-69%
RWE:	-71%

Spin-off of Uniper from E.ON took place on 12 Sept 2016. E.ON share price has not been adjusted for this fact prior the date.

ČEZ'S STRATEGY IS BASED ON THREE PRIORITIES

SELECTED EVENTS IN 2016

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

- We received an operating license for Unit 1 of the Dukovany Nuclear Power Plant for an indefinite period of time
- We completed renovation of the brown coal-fired Prunéřov power plant
- Our medium-term Czech portfolio operation strategy was updated in relation to changes in electricity prices and regulatory conditions relating to emission reduction
- Mining license obtained for underground mining at Nástup Mines
- We keep developing projects for new nuclear units at Temelín and Dukovany; we started the EIA procedure for a new unit at Dukovany

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

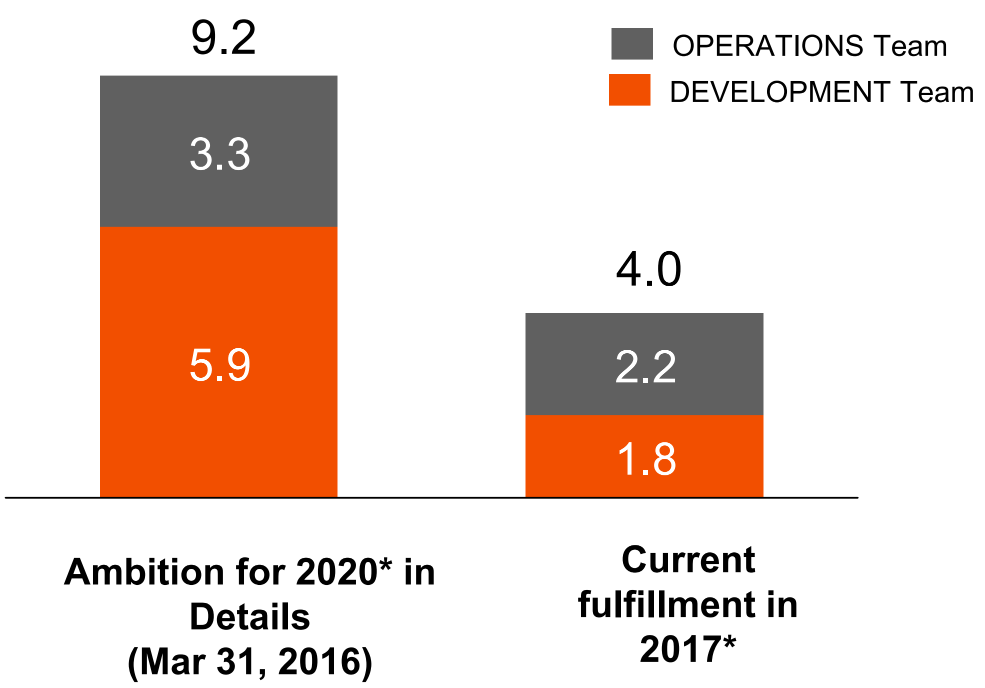
- ČEZ Prodej became the second largest gas supplier in Czechia
- Offer of services focusing on household customers widened to include services related to energy comfort at home
- We acquired 100% shares in AZ Klima a.s. and juwi (now ČEZ Solární), purchased remaining 25% in EVČ and founded ČEZ LDS
- We joined startup accelerator Rockstart to be in touch with the latest innovative customer solutions
- We purchased the first alternative electricity and gas seller, Energie2 Prodej.

III — **Strengthen and consolidate our position in** Europe

- We entered the German RES market; CEZ Group acquired 39 operated onshore wind turbines with a total installed capacity of 98 MW
- We invested in tado and ETF and increased our shareholding in sonnen
- We commenced arbitration with Bulgaria for investment non-protection
- Standard & Poor's affirmed ČEZ's credit rating of A− with a stable outlook in December 2016
- **Assured shareholders' dividend for 2015 amounts to CZK 21.5bn**

FULFILLMENT OF AMBITIONS 2020 ALSO PROGRESSING WELL, MEASURES TAKEN AND INVESTMENTS MADE ALREADY RESULT IN ADDITIONAL EBITDA OF CZK 4BN

CEZ Group's Additional* EBITDA
(CZK bn)



Current key drivers influencing ambitions fulfillment in 2017:

OPERATIONS Team

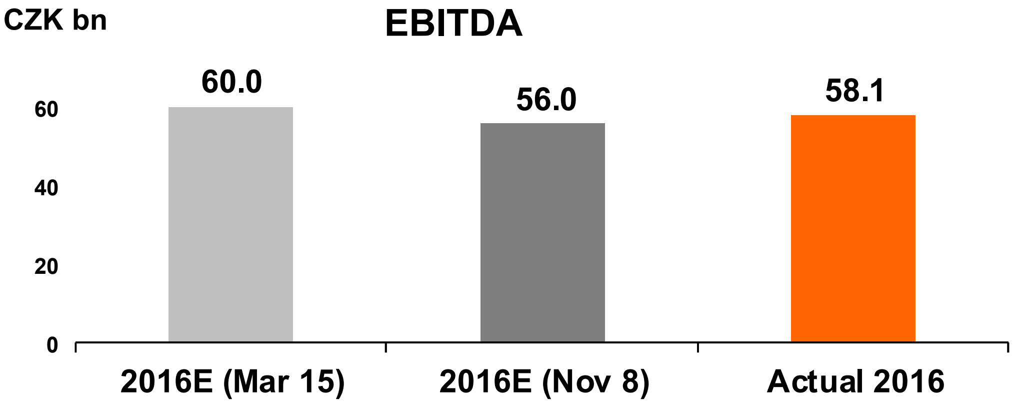
- Increased efficiency across CEZ Group (in particular, cuts in fixed costs of Headquarters and support activities)
- Optimization of generating facilities, incl. the mining/generation interface
- Increase in direct sales of electricity, heat, and certified energy by-products

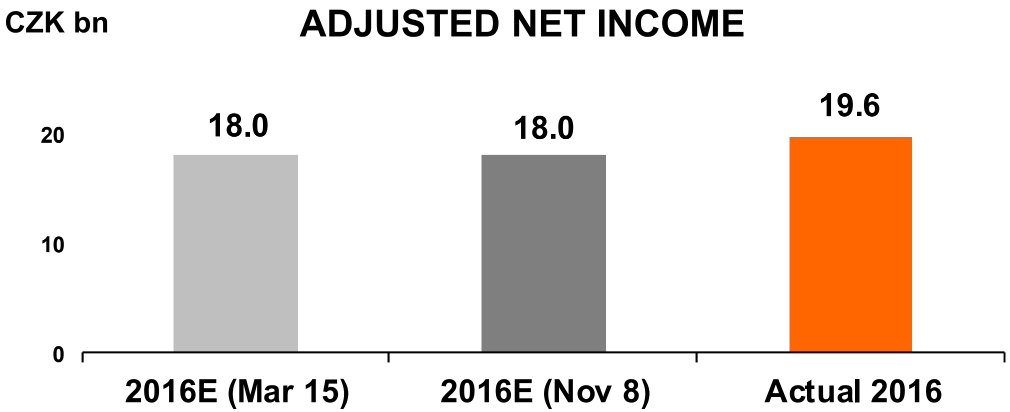
DEVELOPMENT Team

- Operational efficiency of the Distribution segment in Czechia and abroad
- Fulfillment of the Sales segment's strategy in retail
- Acquisition of two onshore wind farms in Germany: Fohren-Linden (12.8 MW) and wpd (85.3 MW)
- Acquisition and organic growth of ČEZ ESCO (AZ Klima, EVČ, juwi)

* Presented figures represent improvement in EBITDA upon the Business Plan (from September 2015) for 2020 and 2017, respectively.

ADJUSTED NET INCOME, CZK 19.6BN, BETTER THAN EXPECTED; EBITDA CZK 58.1BN





Selected positive effects (as compared to expectation from Nov 8):

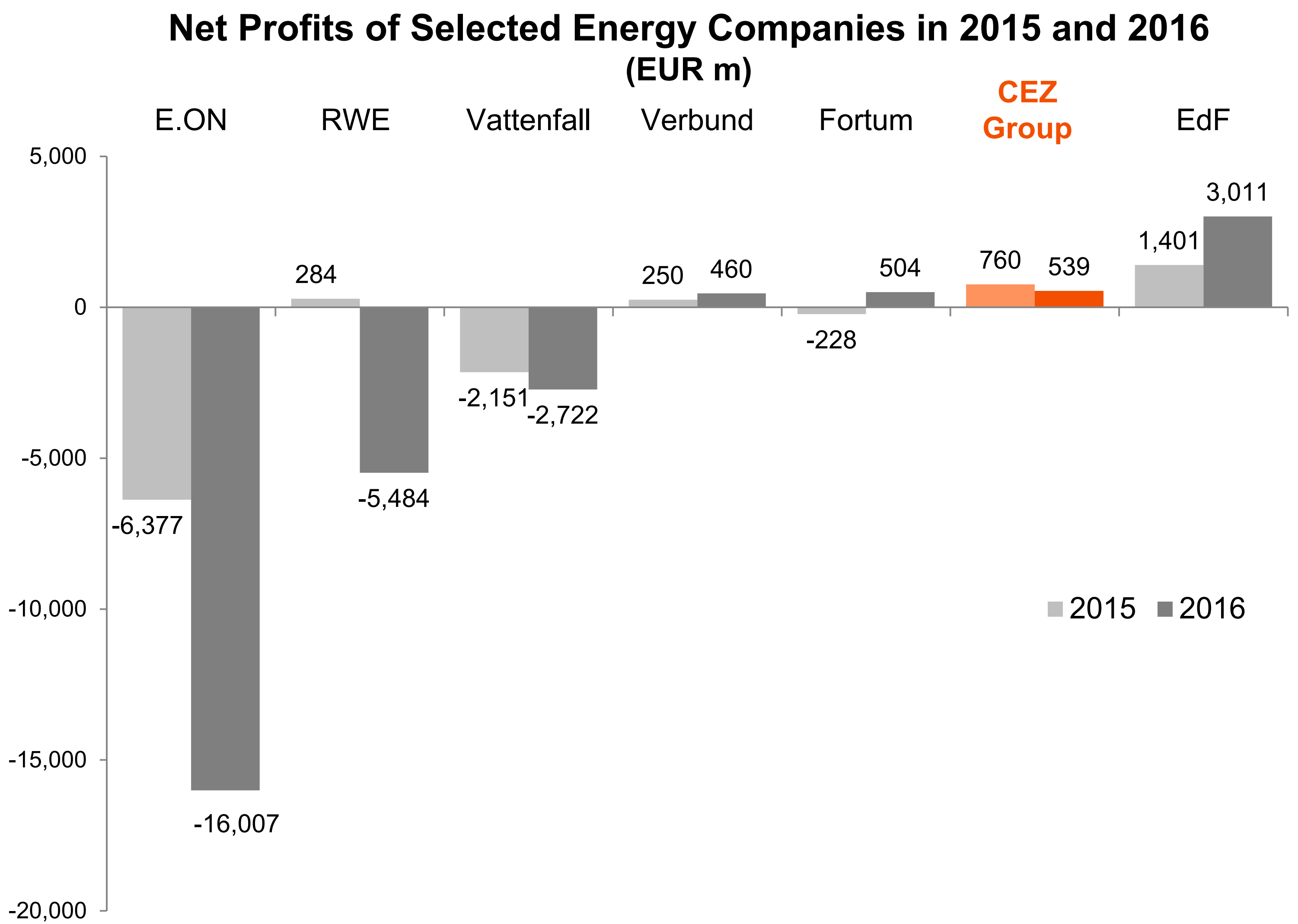
- Higher gross margin on electricity generation in Czechia and electricity and gas sales
- Allocation of certificates from 2013–2015 for wind farms in Romania (CZK +0.9bn)
- Lower fixed operating cost

Selected negative effects (as compared to expectation from Nov 8):

- Negative effect of USD/TRY exchange rate on the financial results of companies in Turkey

Adjusted net income values exclude extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as fixed asset impairments and goodwill amortization).

RELATIVE STABILITY OF ČEZ'S PROFITS IS EXCEPTIONAL IN COMPARISON WITH SIMILAR EUROPEAN ENERGY COMPANIES



Note: Presented figures are consolidated net profits (E.ON net profit attributable to equity holders of the parent amounted to -8,450 millions EUR in 2016). For Fortum, only data concerning its ongoing activities is shown.

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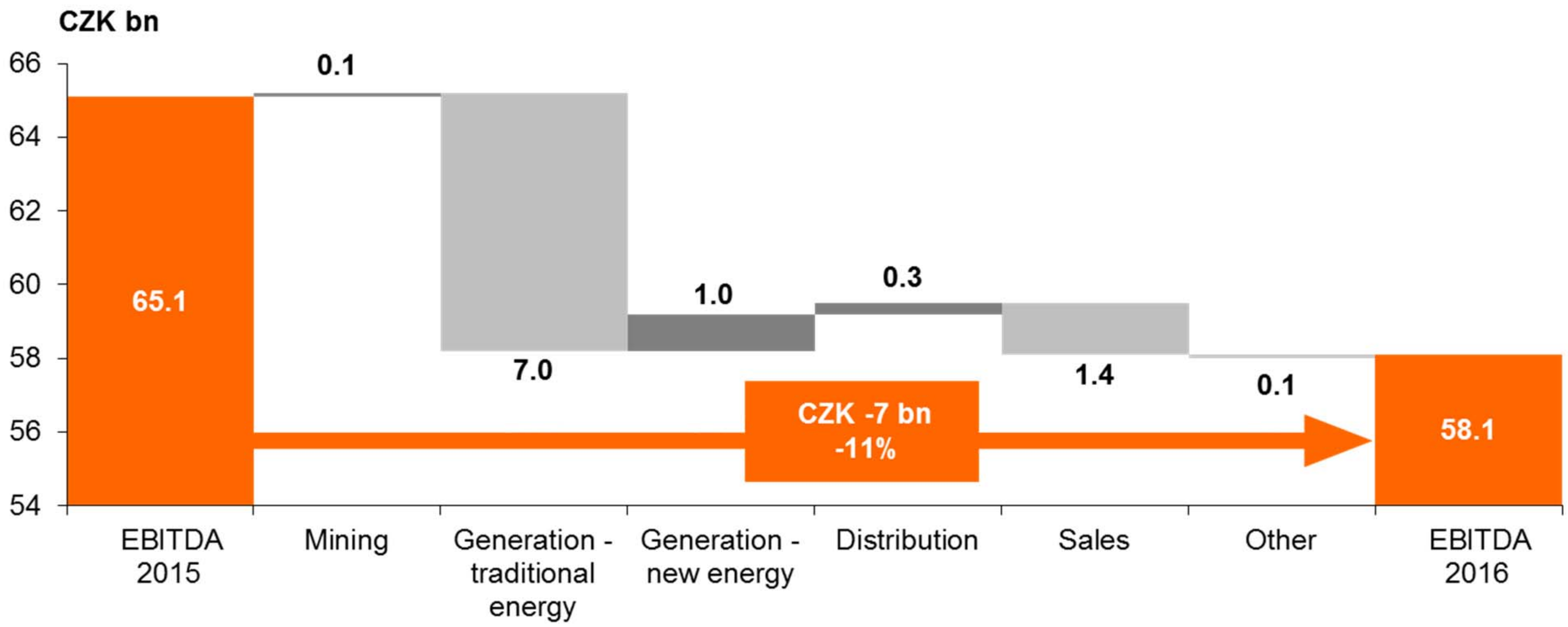
CEZ GROUP FINANCIAL RESULTS

(CZK bn)	2015	2016	Change	%
Revenues	210.2	203.7	-6.4	-3%
EBITDA	65.1	58.1	-7.0	-11%
EBIT	29.0	26.1	-2.8	-10%
Net income	20.5	14.6	-6.0	-29%
Net income - adjusted *	27.7	19.6	-8.0	-29%
Operating CF	72.6	49.0	-23.6	-33%
CAPEX	31.5	30.2	-1.3	-4%
Net debt **	131.2	146.5	+15.2	+12%

		2015	2016	Change	%
Installed capacity **	GW	15.9	15.6	-0.3	-2%
Generation of electricity	TWh	60.9	61.1	+0.2	+0%
Electricity distribution to end customers	TWh	49.8	50.6	+0.8	+2%
Electricity sales to end customers	TWh	37.9	37.5	-0.5	-1%
Sales of natural gas to end customers	TWh	6.8	8.2	+1.3	+20%
Sales of heat	000´TJ	22.3	24.0	+1.8	+8%
Number of employees **	000´s	25.9	26.9	+1.0	+4%

* Adjusted Net Income = Net Income adjusted for extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as fixed asset impairments and goodwill amortization). The definition of Adjusted Net Income was refined in Q4 2016 (see Annex).
** At the last day of period
Note: y-o-y change in Operating cash flow was significantly influenced by changes in assets and liabilities. Operating cash flow adjusted for these changes amounted to CZK 61.9bn in 2015 and CZK 50.4bn in 2016, i.e. CZK 11.5bn y-o-y decrease or 19% y-o-y decrease.

YEAR-ON-YEAR CHANGE IN EBITDA BY SEGMENTS



Main drivers of year-on-year change in EBITDA:

- Lower realization prices of generated electricity in Czechia, including the positive effect of hedges (CZK -6.1bn)
- Payment of Railway Infrastructure Administration debt (from 2010) to ČEZ Prodej in 2015 based on a court decision (CZK -1.1bn)
- Positive effect of certificate allocation to Fântânele Vest and Cogealac wind farms in Romania (CZK +1.7bn)

OTHER INCOME (EXPENSES)

(CZK bn)	2015	2016	Change	%
EBITDA	65.1	58.1	-7.0	-11%
Depreciation, amortization and impairments*	**-36.1**	**-32.0**	**+4.2**	**+12%**
Other income (expenses)	**-2.1**	**-6.8**	**-4.7**	**>200%**
Interest income (expenses)	-2.5	-2.5	+0.0	+0%
Interest on nuclear and other provisions	-1.7	-1.5	+0.2	+11%
Income (expenses) from investments and securities	-0.3	-1.8	-1.5	>200%
Other	2.4	-1.1	-3.5	-
Income taxes	**-6.3**	**-4.8**	**+1.6**	**+25%**
Net income	20.5	14.6	-6.0	-29%
Net income - adjusted	**27.7**	**19.6**	**-8.0**	**-29%**

Depreciation, Amortization, and Impairments* (CZK +4.2bn)

- Lower additions to fixed asset impairments (CZK +4.6bn)
- Higher depreciation and amortization (CZK -0.4bn) primarily due to started depreciation of comprehensively renovated Prunéřov Power Plant

Other Income (Expenses) (CZK -4.7bn)

- Refund of a portion of gift tax on emission allowances for 2011 and 2012 in 2015 (CZK -3.8bn)
- Amortization of a portion of goodwill and additions to impairments at joint ventures in Turkey (CZK -1.3bn)**
- Revaluation of MOL share option (CZK -0.9bn) due to rising share price
- Bond buyback in 2015 (CZK +0.8bn)
- Other (CZK +0.5bn) primarily FX gains

Net income adjustment **

- *2015 net income adjusted for the negative effect of fixed asset impairments, goodwill amortization, and write-off of abandoned investments (CZK +7.1bn)*
- *2016 net income adjusted for the negative effect of fixed asset impairments, goodwill amortization, and write-off of abandoned investments (CZK +4.4bn)** and for the negative effect of developed project impairments (CZK +0.7bn)*

* Including profit/loss from sales of tangible and intangible fixed assets
** Reported under Income (Expenses) from investments and securities
*** The definition of Adjusted Net Income was refined in Q4 2016 (see Annex)

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OPERATIONS TEAM
SELECTED EVENTS IN 2016

Mining

- EIA and Mining License obtained for underground mining at Nástup Mines
- Following the Czech government's decision modifying environmental mining limits at Bílina Mine, the process of obtaining EIA and Mining License until 2035 was commenced
- High-capacity coal storage site at Nástup Mines upgraded and integrated with homogenization system

Generation—Traditional Energy

Nuclear Facilities

- Obtained operating license for an indefinite period of time for Dukovany NPP Unit 1 and carried out activities relating to conditions for further operation issued by State Office for Nuclear Safety
- Operational safety enhancement programs at both nuclear power plants for 2016 duly implemented
- Realisation of systemic measures improved performance and quality control of repair and maintenance

Coal-Fired Facilities

- Completed comprehensive renovation of Prunéřov Power Plant with (3x250 MW_e of installed capacity). Three generating units accepted for service on Jun 10, Jun 30, and Jul 15, 2016 based on successful comprehensive testing, plant certification and successful functional tests of all units

Finance and Administration

- On Nov 2, non-recourse loan agreement was signed between EBRD and CEZ Razpredelenie Bulgaria, allowing further reduction of CEZ's financial exposure abroad by CZK 3.1bn
- Systematic internal efficiency measures across CEZ Group
- **In December 2016, S&P affirmed ČEZ's credit rating of A− with a stable outlook**

Fulfillment of 2020 Ambitions—OPERATIONS Team:
Efficiency and development measures helped improve* EBITDA by approx. CZK 2.5bn a year

 NPP—Nuclear power plant; EIA—Environmental Impact Assessment * above business plan (from Sept 2015) for 2017-2020

SEGMENT: GENERATION–TRADITIONAL ENERGY

EBITDA (CZK bn)	2015	2016	Change	%
Czechia	27.2	20.7	-6.5	-24%
Poland	1.9	1.4	-0.5	-26%
Romania	0.0	0.0	0.0	+23%
Bulgaria	-0.1	-0.1	+0.1	+54%
Generation - traditional energy	**29.0**	**22.0**	**-7.0**	**-24%**

Czechia (CZK -6.5bn)

- Lower realization prices of generated electricity, including the positive effect of hedges (CZK -6.1bn)
- Change in production volume and structure (CZK -0.5bn): lower production at nuclear power plants was significantly offset by higher production at other facilities
- Higher expenses on weld inspections at nuclear power plants and related measures (CZK -0.5bn)
- Lower revenue from ancillary services (CZK -0.3bn)
- Higher profit on commodity trading (CZK +0.5bn)
- Effect of USD/EUR exchange rate on oil-linked contract hedging (CZK +0.4bn)
- Higher heat deliveries (CZK +0.3bn)
- Lower expenses on emission allowances (CZK +0.2bn)
- Other (CZK -0.4bn), primarily higher fixed operating costs

Poland (CZK -0.5bn)

- Primarily lower utilization of green certificates in Poland due to decrease in their market price (lower volume of co-fired biomass)

Due to precise mathematical rounding, the sum of partial values listed can sometimes differ from the total value.

MINING & OTHER SEGMENTS

EBITDA (CZK bn)	2015	2016	Change	%
Czechia	4.3	4.4	+0.1	+2%
Mining	**4.3**	**4.4**	**+0.1**	**+2%**

EBITDA (CZK bn)	2015	2016	Change	%
Czechia	2.3	2.5	+0.1	+5%
Poland	0.0	0.0	0.0	+19%
Romania	0.0	0.0	0.0	-11%
Bulgaria	0.1	0.1	+0.1	+81%
Other countries	0.0	-0.3	-0.2	>200%
Other	**2.5**	**2.4**	**-0.1**	**-2%**

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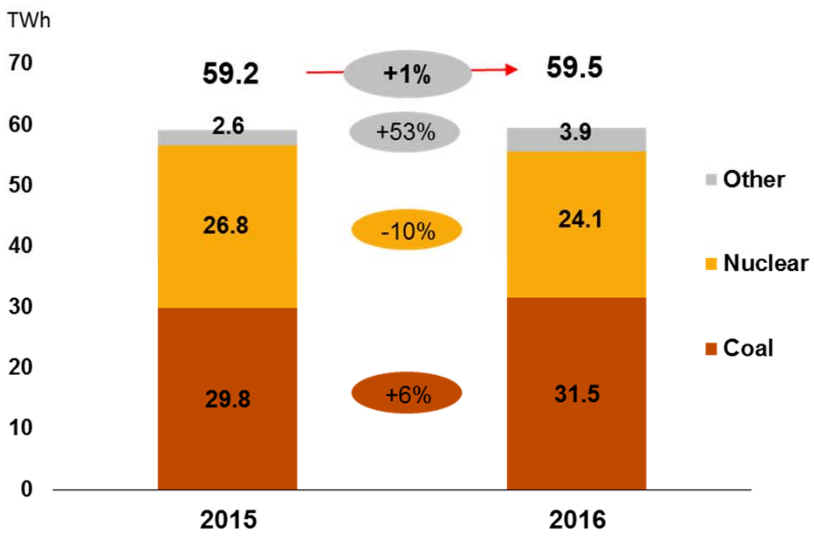
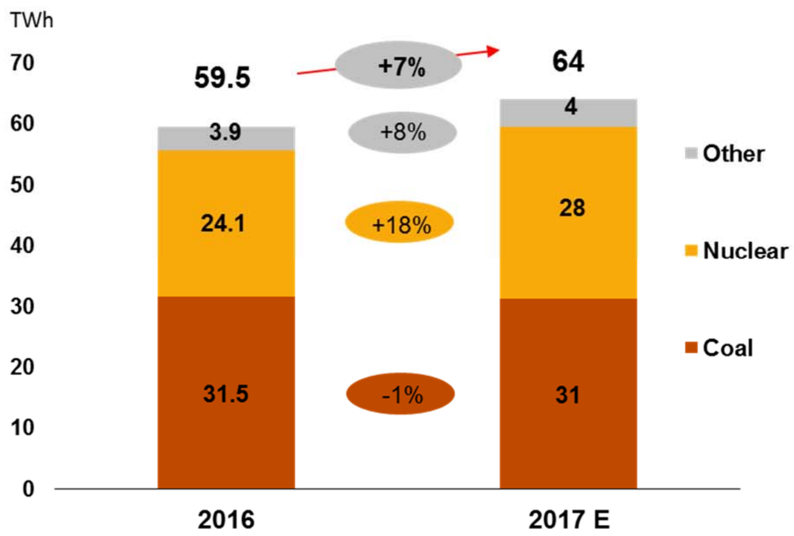
GENERATION—TRADITIONAL ENERGY





Nuclear Power Plants (-10%)

− Extended outages of Dukovany NPP and Temelín NPP primarily due to weld inspections

Coal-Fired Power Plants (+6%)

Czechia (+6%)

- \+ Operation of comprehensively renovated Prunéřov 2 Power Plant
- \+ Operation of new Ledvice 4 Power Plant (during construction)

Other (+53%)

\+ Increased production at Počerady CCGT plant by +334% (1.8 TWh generated in 2016)

Nuclear Power Plants (+18%)

\+ Shorter outages, especially at Temelín NPP

Coal-Fired Power Plants (-1%)

Czechia (0%)

- \+ Operation of new Ledvice 4 Power Plant facility
- − Sale of Tisová Power Plant (Jan 2, 2017)

Poland (-7%)

- − Stricter NO_x emission ceilings resulting from Interim National Plan

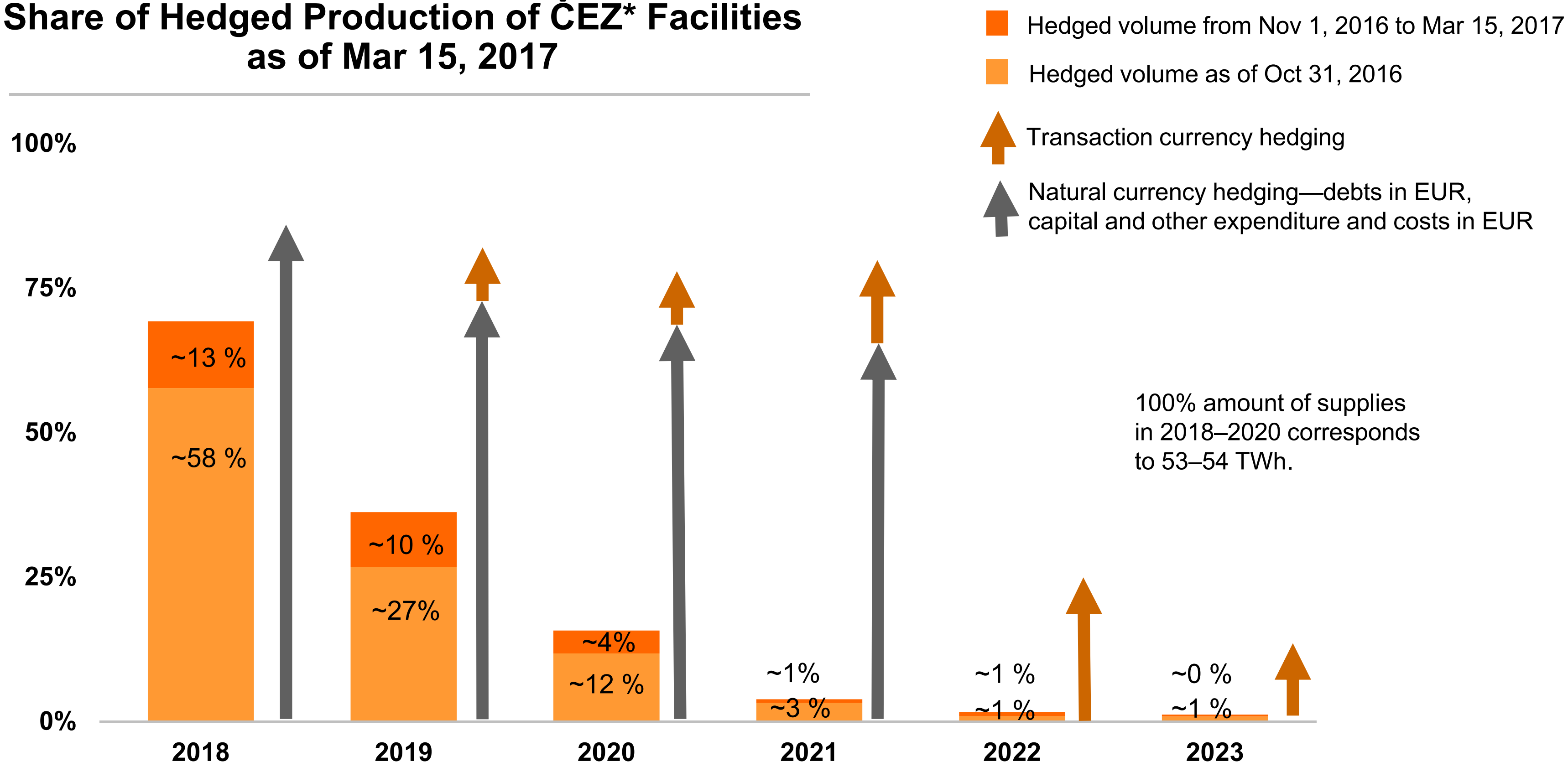
Other (+8%)

\+ Higher production at Počerady CCGT plant

 Due to precise mathematical rounding, the sum of partial values listed can sometimes differ from the total value.

ČEZ CONTINUES GRADUALLY HEDGING ITS GENERATION REVENUES IN THE MEDIUM TERM

Share of Hedged Production of ČEZ* Facilities as of Mar 15, 2017



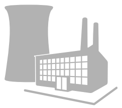
	2018	2019	2020	2021	2022	2023
Total hedged (of production)	**~ 71%**	**~ 37%**	**~ 16%**	**~ 4%**	**~ 2%**	**~ 1%**
At price (EUR/MWh, BL equivalent)	**29.0**	**29.5**	**34.5**	**31.5**	**35.0**	**38.0**

Source: ČEZ
* ČEZ, a. s. including Energotrans, Počerady, Dětmarovice and Vítkovice power plants

OPERATIONS TEAM
KEY OBJECTIVES FOR 2017

Mining

- Continue with the process of obtaining EIA and Mining License for Bílina Mines until 2035
- Initiate the preparatory stage of the relocation of coal conveyor lines on the southern slopes of Bílina Mines
- Maintain the required level of commercial reserves for the future



Generation—Traditional Energy

Existing Generating Facilities

- Obtain operating licenses for the remaining units of Dukovany NPP
- Carry out nuclear unit outages according to plan
- Continuously fulfill operational safety enhancement programs at both nuclear power plants
- Complete the commissioning of a new unit at Ledvice (660 MW)
- Ensure the optimum availability of all facilities

Heat Sector

- Finish the preparation of projects for providing safe and efficient deliveries of heat from the Mělník site to Prague on a long-term basis

New Nuclear Power Plants

- Continue with the preparation of the NNPP project in line with the National Action Plan for the Development of Nuclear Energy in Czechia

Finance and Administration

Finance

- Ensure financial stability and efficient management of debt capacity
- Ensure proactive funding of development activities

Support and Centralized Activities

- Continue preparations for the selection procedure of a fuel supplier for Temelín NPP for after 2020
- Implement action plans in purchasing and other centralized and support services in order to promote growth (e.g., by building a new fiber-optic telecommunications infrastructure) and to increase CEZ Group's cost efficiency

NPP—Nuclear power plant

YEAR 2016

CEZ GROUP YEAR-END CONFERENCE CALL

DEVELOPMENT TEAM—NEW ENERGY SEGMENT

SELECTED EVENTS IN 2016

We entered the renewables market in Germany

- **CEZ Group acquired in Germany 39 operated onshore wind turbines with a total installed capacity of 98 MW.**
  - The first acquisition and entry into the market was the Fohren-Linden wind park with 12.8 MW of installed capacity in North Rhine-Westphalia, acquired from investment group AREAM
  - The second acquisition is a portfolio of 8 wind parks with 85.25 MW of total installed capacity, acquired from wpd - a leading developer and operator of wind parks in Germany
- Through its subsidiary CEZ Deutschland GmbH, CEZ Group became an active member of four associations of wind farm operators and other stakeholders in Germany.

DEVELOPMENT TEAM

SELECTED EVENTS IN 2016

New Energy

Renewables
- Romanian regulatory authority ANRE issued final accreditation for support for renewable electricity generation through green certificates for the Fântânele Vest and Cogealac wind parks on Sep 27
- Extension of wind park Ayyildiz in Turkey for 13.2 MW was finished

INVEN CAPITAL
- Two new investments were made (tado and ETF) and share in sonnen was increased

Sales & Trading

Sales—Retail
- ČEZ Prodej became the second largest gas supplier in Czechia in January 2016
- Offer of services focusing on residential customers expanded to include, in particular, services relating to energy comfort at home (PV installations as well as heat pumps/gas boilers, inspections, etc.)

Sales—ESCO
- ČEZ ESCO expanded its competences and amended its product portfolio by acquiring AZ Klima and juwi (now ČEZ Solární) and founding ČEZ LDS
- 2016 revenues of ESCO Group exceeded CZK 3bn, i.e., 57% year-on-year increase
- Strategies and business plans were defined for ČEZ's entry into selected ESCO markets abroad; negotiations on specific acquisitions already started in Poland

Trading
- Proprietary trading earned CZK 1.2bn in 2016 (0.5bn more than in 2015)
- Trading activities continued to successfully expand to new markets (especially Spain, Italy, and Belgium)

Distribution

Czechia
- Phase II of distribution segment redesign finished; 836 employees were transferred from ČEZ Distribuční služby to ČEZ Distribuce on Jul 1
- Three comprehensive technological projects (data metering at transformer stations, installation of remotely controlled elements, and voltage regulation) started to respond to progress in decentralized generation and support the construction of smart grids
- Independent customer service started by the distributor

Abroad
- On Jul 12, CEZ Group officially commenced international investment arbitration against the Republic of Bulgaria under the Energy Charter Treaty on the grounds of investment non-protection

Fulfillment of 2020 Ambitions—DEVELOPMENT Team:
Efficiency and development measures by Development helped improve* EBITDA by approx. CZK 2.0bn a year.

 Sonnenbaterie (now sonnen); * above business plan (from Sept 2015) for 2017-2020

SEGMENT: GENERATION—NEW ENERGY

EBITDA (CZK bn)	2015	2016	Change	%
Czechia	1.7	1.4	-0.3	-18%
Poland	-0.1	-0.7	-0.7	>200%
Romania	0.8	2.7	+2.0	>200%
Bulgaria	0.0	0.0	0.0	+56%
Generation - new energy	**2.4**	**3.4**	**+1.0**	**+43%**

Czechia (CZK -0.3bn)

- Provisioning in connection with legal action concerning Vranovská Ves PV power plant (CZK -0.2bn)

Poland (CZK -0.7bn)

- Additions to impairment* on Eco-Wind projects in relation to adverse changes to RES legislation in Poland

Romania (CZK +2.0bn)

- Effect of certificate allocation for November 2013 to September 2015 for Fântânele Vest and October 2014 to September 2015 for Cogealac (CZK +0.9bn); these certificates can be used in the market after the farms' regular support ends
- Resumed allocation of green certificates for Fântânele Vest and Cogealac wind farms since September 2015 (CZK +0.8bn)

* Adjusted Net Income increased by this effect in line with its definition

SEGMENT: DISTRIBUTION

EBITDA (CZK bn)	2015	2016	Change	%
Czechia	16.5	17.3	+0.8	+5%
Romania	2.4	1.8	-0.6	-24%
Bulgaria	1.2	1.3	+0.1	+5%
Distribution	**20.0**	**20.4**	**+0.3**	**+2%**

Czechia (CZK +0.8bn)

- Higher amount of distributed electricity (CZK +0.9bn) relating to customers' increased consumption at all voltage levels
- Other (CZK -0.1bn), primarily higher additions to allowances on receivables

Romania (CZK -0.6bn)

- Lower margin on distributed electricity, primarily due to lower regulated tariffs since Jan 1, 2016 (CZK -0.5bn)
- Lower revenues from late fines (CZK -0.1bn)

Bulgaria (CZK +0.1bn)

- Overhead reduction (CZK +0.2bn)
- Higher connection revenues (CZK +0.1bn)
- Provisioning for litigation (CZK -0.2bn)

SEGMENT: SALES

EBITDA (CZK bn)	2015	2016	Change	%
Czechia	6.4	5.0	-1.5	-23%
Poland	0.1	0.0	0.0	-63%
Romania	0.1	0.2	+0.1	+44%
Bulgaria	0.2	0.1	-0.1	-55%
Other countries	0.1	0.2	+0.2	>200%
Sales	**6.9**	**5.5**	**-1.4**	**-21%**

Czechia (CZK -1.5bn)

- Payment of Railway Infrastructure Administration debt (from 2010) to ČEZ Prodej in 2015 based on a court decision (CZK -1.1bn)
- Lower settlement of unbilled electricity at ČEZ Prodej (CZK -0.6bn)
- Taking up specific market opportunities in electricity and gas sales in 2016 (CZK +0.4bn) in particular due to significant decrease of wholesale electricity prices in H1 2016 (CZK +0.4bn)

Romania (CZK +0.1bn)

- Higher margin on sold electricity (CZK +0.1bn)
- Overhead reduction (CZK +0.1bn)
- Higher additions to allowances on receivables (CZK -0.1bn)

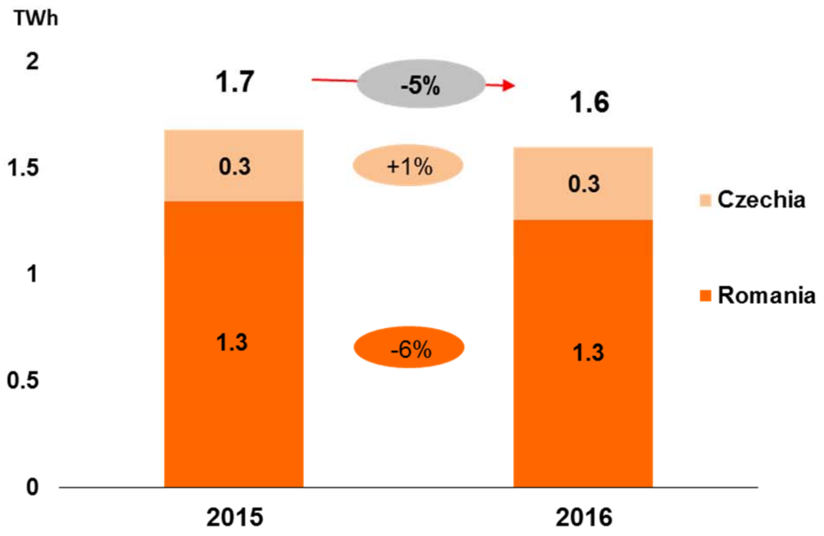
Bulgaria (CZK -0.1bn)

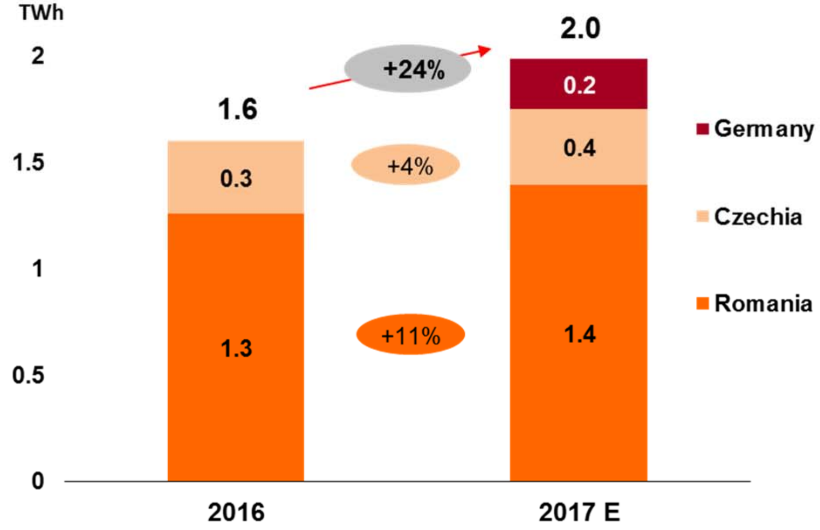
- Higher margin on sold electricity and positive effect of system imbalances in electricity consumption (CZK +0.2bn)
- Additions to allowances on receivables and provisioning for litigation (CZK -0.3bn)

Other Countries (CZK +0.2bn)

- Higher gross margin of CEZ Slovensko, primarily due to lower expenditure on gas purchases (CZK +0.1bn)

GENERATION—NEW ENERGY





Czechia (+1%)

+ Better hydrometeorologic conditions for hydroelectricity generation in H2 2016

Romania (-6%)

− Primarily generation restrictions imposed by the semi-state-owned transmission system operator in order to regulate the transmission grid

Czechia (+4%)

+ Worse-than-average weather conditions for the operation of photovoltaic power plants in 2016; Optimization of Číčov biogas plant operation

− Better-than-average weather conditions for the operation of small hydroelectric power plants in 2016

Romania (+11%)

+ Anticipated no generation restriction to be imposed by the semi-state-owned transmission system operator in order to regulate the transmission grid

Germany (+235 GWh)

Entry into the German renewables market by taking over the operations of wpd (85.25 MW) and Fohren-Linden (12.8 MW) wind parks.

 Due to precise mathematical rounding, the sum of partial values listed can sometimes differ from the total value.

DEVELOPMENT TEAM

KEY OBJECTIVES FOR 2017

Sales & Trading

Sales—Retail
- Further develop non-commodity products introduced in the past year (financial services, PV installations, gas boilers, etc.) and launch additional products
- Finish the transformation of end-use customer sales and service in Czechia

Sales—ESCO
- Strenghten ČEZ ESCO’s position in the Czech market in the full range of products, complemented by strategic acquisitions in 2016, and achieve a growth in revenues of more than 50%
- Start ESCO development abroad through both acquisitions and organic growth (especially in Poland, Germany, and Slovakia)

New Energy

Renewables
- Expand the portfolio of operated and developed RES projects in stable markets
- Define strategies for participation in auctions focusing primarily on onshore projects in Germany
- Obtain certification for auction qualification and preliminary electricity generation license for the Krasin project (EWC)

INVEN CAPITAL
- Carry out 2–4 new acquisitions

Distribution

Czechia
- Prepare Phase III of segment redesign, i.e., merger between ČEZ Distribuce and ČEZ Distribuční služby as of Jan 1, 2018
- Launch a pilot project for smart metering (Automatic Meter Management)
- Ensure an upward trend and maintain satisfaction with customer service quality

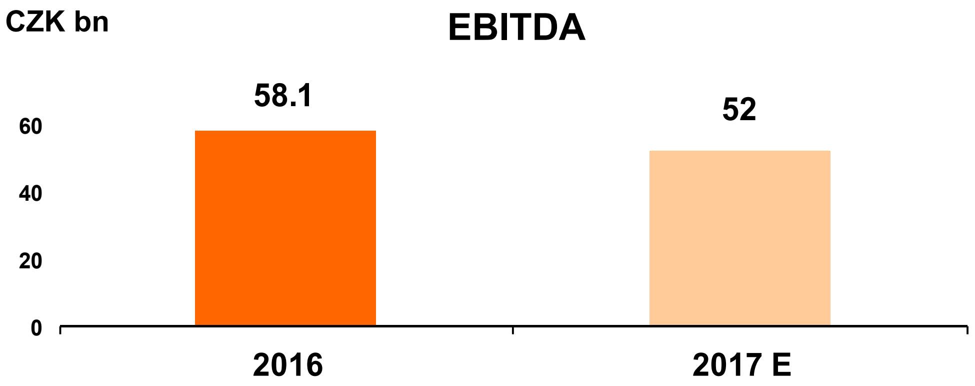
Abroad
- Protect CEZ Group’s legal interests in Bulgaria
- Secure fair conditions in the distribution regulatory environment in Romania

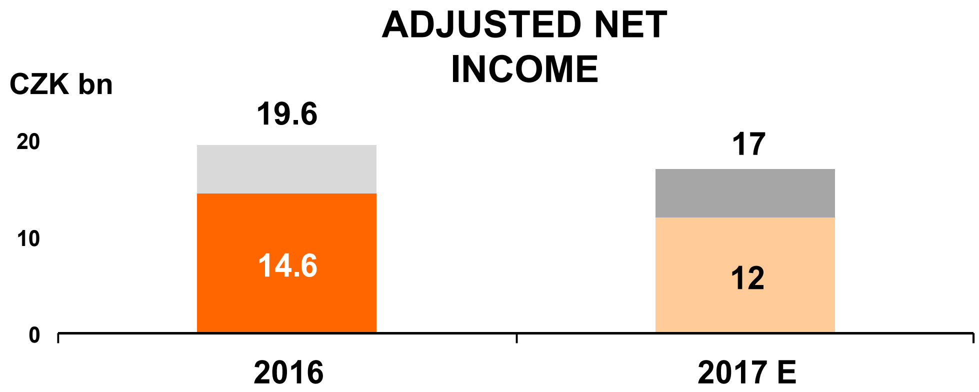
RES—Renewable Energy Sources

YEAR 2016

CEZ GROUP YEAR-END CONFERENCE CALL

WE EXPECT 2017 EBITDA OF CZK 52BN, ADJUSTED NET INCOME OF CZK 12BN TO CZK 17BN





Adjustment of 2016 net income

2016 net income

Potential net income of CZK +4.8bn if bondholders of convertible bond exercise their right to redeem the bond by exchange for MOL shares instead of repayment of the bond in cash in 2017

Selected year-on-year negative effects:

- Trend of declining electricity prices
- Positive effect of unbilled electricity settlement in 2016

Selected year-on-year positive effects:

- Higher electricity generation
- Payment of SŽDC debt from 2011

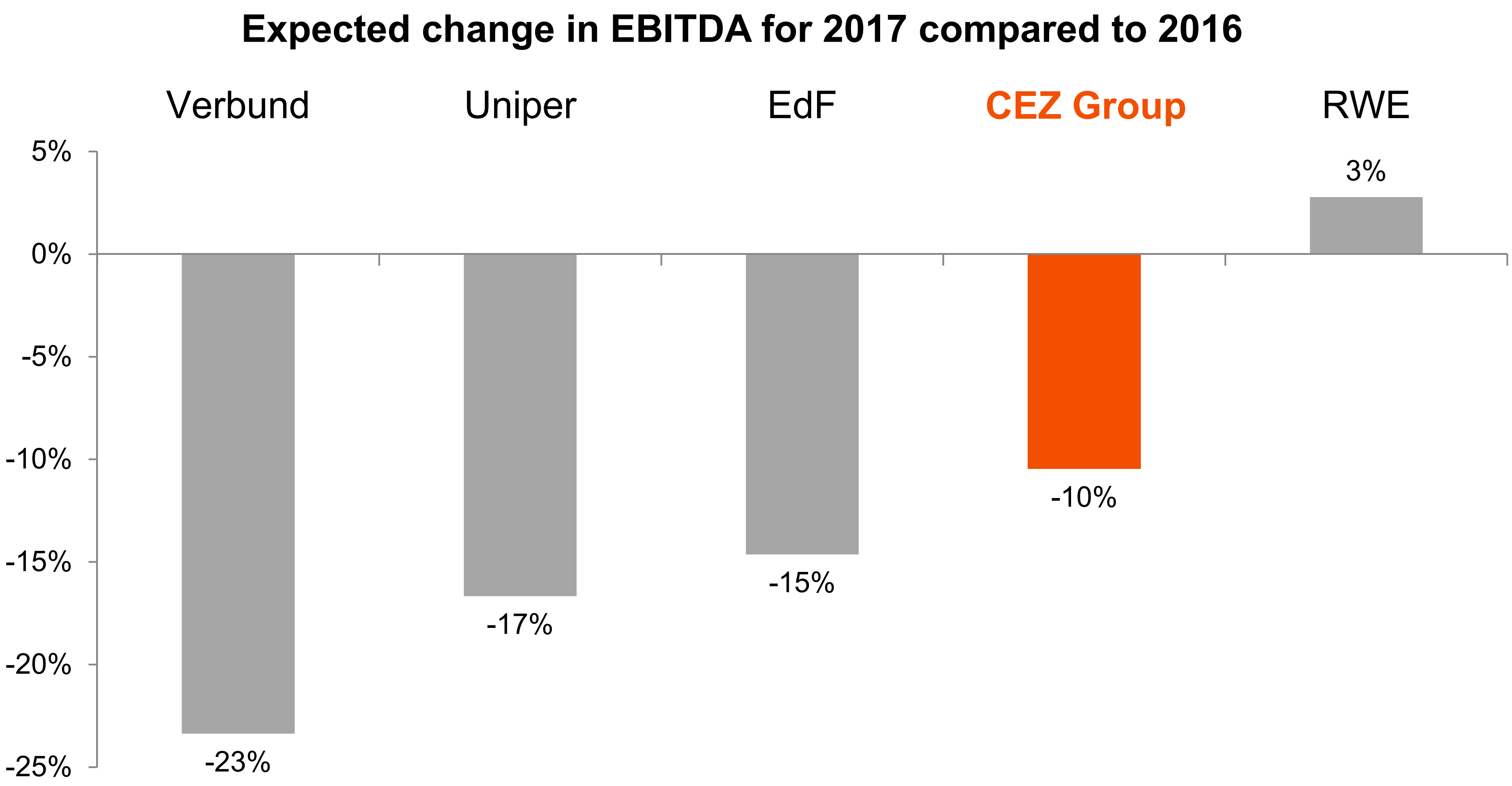
Selected prediction risks and opportunities:

- Availability of generating facilities in Czechia
- Changes in regulatory and legislative conditions for the energy sector in Europe
- Potential income from possible sale of coal-fired Počerady Power Plant

Note: y-o-y net income decline is negatively influenced by increased depreciation and amortization and lower interest capitalization (approximately CZK 5bn in total) primarily due to completion of comprehensive renovation of Prunéřov Power Plant in 2016 and due to expected completion of new coal-fired unit in Ledvice.

 The 2016 net income (CZK 14.6bn) was adjusted for the effect of fixed asset impairments of CZK 5.1bn.

THE TREND OF DECREASING WHOLESALE ELECTRICITY PRICES DETERMINES EBITDA AT ALL EUROPEAN COMPARABLE ENERGY COMPANIES



 Uniper – company formed by conventional power spin-off from E.ON. E.ON, Vattenfall and Fortum have not published 2017 EBITDA guidance.

ČEZ DIVIDEND POLICY–EXPANDING PAYOUT RATIO TO 60%–100% OF CEZ GROUP'S ADJUSTED NET INCOME UNTIL DEVELOPMENT STRATEGY SPECIFICATION

Rationale behind the change of payout ratio to 60%–100%:

- Increased ratio between generated operating cash flows and net income
- Proposed dividend in the given range out of a given year's profits will reflect the cash flows generated in the given year and the development strategy for future periods
- Company expects the percentage range to be narrowed within two years following development strategy specification

Overview of European energy companies' dividend policies:

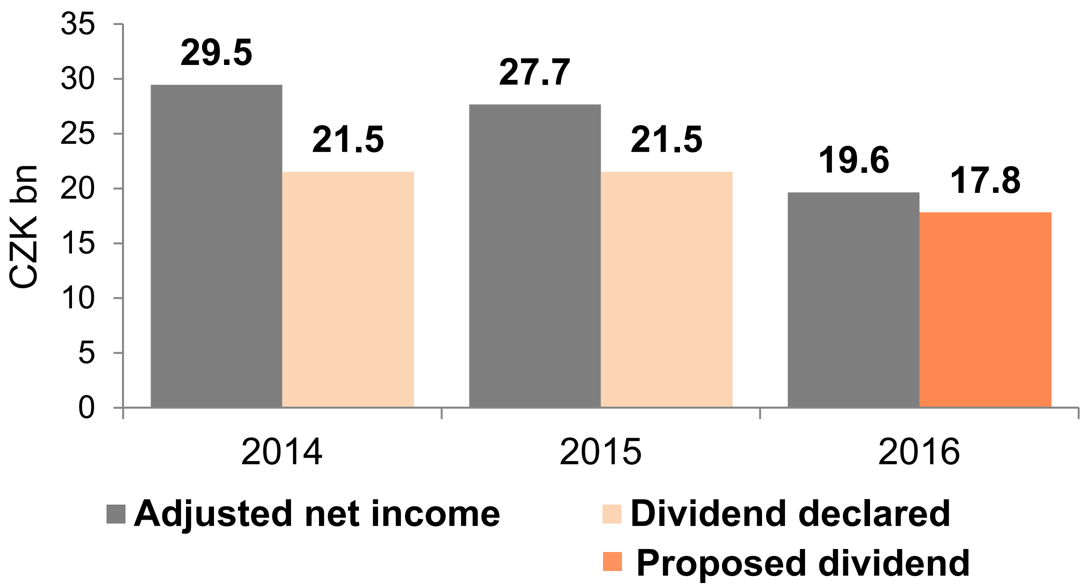
Company	Dividend Policy *
ČEZ	**60%–100% of profits**
EdF	55%–65% of profits; 50% in 2018, 45%–50% after 2018 (announced 60% of the profit for 2016)
EnBW	40%–60% of profits
Enel	50% of profits in 2015, increasing by 5 percentage points every year up to the target of 65% of the 2018 profit
E.ON	50%–60% of profits from 2017, (announced 46% of the profit for 2016)
Uniper	75-100% of operating CF decreased for maintenance CAPEX
Fortum	50%–80% of adjusted profits with the dividend growing over time
Engie	0.7 EUR/share of 2017 and 2018 (announced 1 EUR/share of 2016 profit)
Iberdrola	65%–75% of profits, floor 0.31 EUR for 2017-2020 (announced 75% of the profit for 2016)
RWE	no dividend in 2016 for common shares, thereafter the dividend will reflect operating CF (0.5 EUR/share expected dividend in 2017 and minimum 0.5 EUR/share in the following years)
Innogy	70%–80% of profits; (announced 80% of the profit for 2016)
Verbund	future pay-out ratio not published (announced 30.9% of the profit for 2016)

* All above mentioned companies which use their profit as a base for pay out ratio adjust such profit for extraordinary items.

PROPOSED ČEZ, A. S. DIVIDEND FOR 2016:
CZK 33 PER SHARE BEFORE TAX

CZK 40 | CZK 40 | CZK 33

Dividend (CZK/share)



- The divided for 2016 is proposed to be **CZK 33/share**.
- The proposal reflects the Company's updated dividend policy and corresponds to YY% of CEZ Group's consolidated net income in 2016 adjusted for extraordinary effects.

2.0 | 2.0 | 2.5

Net Debt / EBITDA

Note: The dividend out of a given year's profits affects the Net Debt / EBITDA ratio in the following year.

Presented figures of declared/proposed dividends are computed by using 100% of shares (i.e. including treasury shares).

KEY OBJECTIVES FOR 2017

OPERATIONS Team	DEVELOPMENT Team
▪ Obtain operating licenses for Units 2, 3, and 4 of the Dukovany Nuclear Power Plant ▪ Fulfill operational safety enhancement programs at both nuclear power plants ▪ Complete the commissioning of a new unit at Ledvice (660 MW) ▪ Continue with the preparation of the project for new nuclear power plants in line with the National Action Plan for the Development of Nuclear Energy in Czechia	▪ Expand the renewables portfolio in stable markets and define strategies for participation in auctions, in particular to support the construction of onshore projects in Germany ▪ Finish the transformation of end-use customer sales and service in Czechia and develop non-commodity products and services ▪ Strenghten ČEZ ESCO's position in the Czech market in the full range of products and achieve a growth in revenues of more than 50% and start ESCO development abroad, especially in Poland, Germany, and Slovakia ▪ Prepare the merger between ČEZ Distribuce and ČEZ Distribuční služby as of Jan 1, 2018 ▪ Protect CEZ Group's legal interests in Bulgaria

CEZ Group

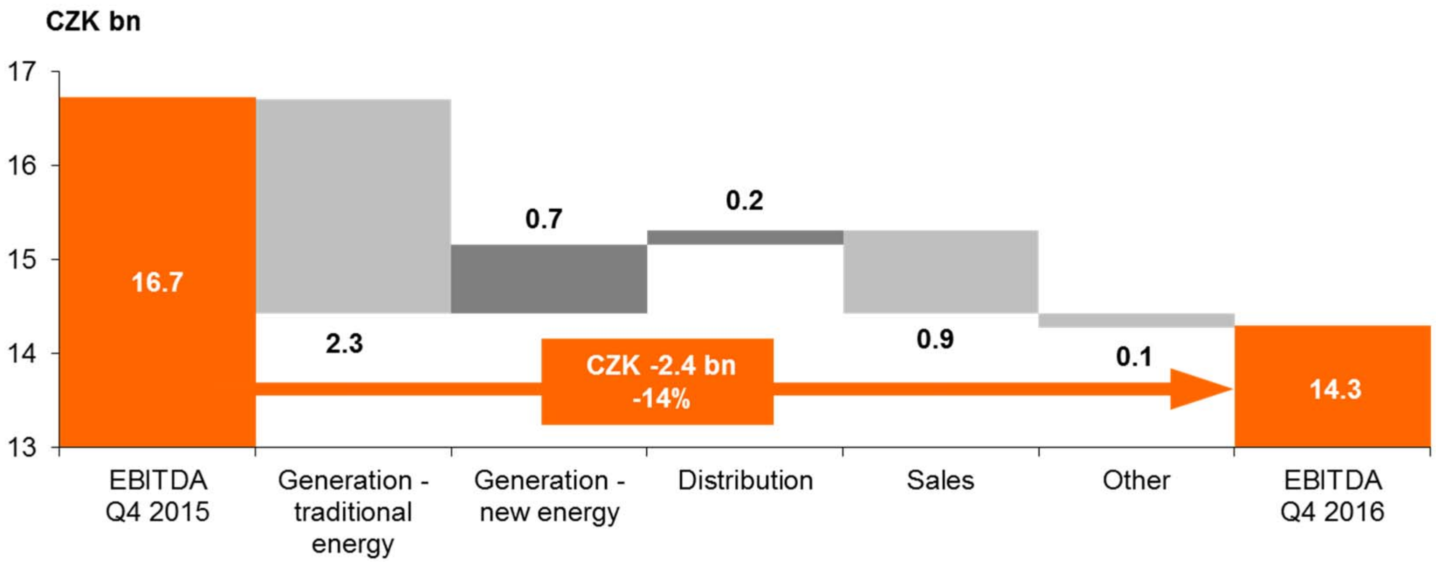
- Fulfill Ambitions 2020 in efficiency and development strategy (additional* EBITDA of CZK +9.2bn)
- Proactively face changes in the regulatory and market environment in the energy sector
- Ensure shareholders' consensus on CEZ Group's strategic orientation

* over Business Plan (from Sept 2015) for 2020

ANNEXES

- EBITDA in Q4 2016
- Other Income (Expenses) in Q4 2016
- Expected year-on-year change in EBITDA (2017 vs. 2016)
- Expected year-on-year change in Net Income (2017 vs. 2016)
- Cash Flows in 2016
- Credit Facilities and Bonds—at Dec 31, 2016
- Investments in Fixed Assets in 2016
- Balance Sheet Overview as at Dec 31, 2016
- Electricity Consumption in 2016
- Market Developments in 2015–2016
- Mining in 2016 and 2017
- Electricity Procured and Sold in 2016
- Definitions of Alternative Indicators According to ESMA

EBITDA—Q4 YEAR-ON-YEAR COMPARISON



CEZ Group EBITDA (CZK -2.4bn):

- **Generation—Traditional Energy (CZK -2.3bn):** Lower realization prices of generated electricity in Czechia, including positive impacts of hedges (CZK -1.6bn), higher expenses on weld inspections at nuclear power plants and subsequent measures (CZK -0.5bn), lower profit on commodity trading (CZK -0.4bn), other (CZK -0.4bn), primarily higher fixed operating costs, lower utilization of green certificates in Poland due to decrease in their market price (CZK -0.2bn), lower revenue from ancillary services (CZK -0.1bn), change in production volume and structure (CZK +0.1bn), lower expenses on emission allowances (CZK +0.6bn), higher heat deliveries (CZK +0.3bn)
- **Generation—New Energy (CZK +0.7bn):** Primarily the effect of certificate allocation for Romanian wind parks from 2013–2015
- **Distribution: Czechia (CZK +0.4bn)** primarily higher amount of distributed electricity at all voltage levels; **Romania (CZK -0.1bn)** lower margin on distributed electricity; **Bulgaria (CZK -0.1bn)** provisioning for litigation
- **Sales: Czechia (CZK -0.5bn**) lower settlement of unbilled electricity at ČEZ Prodej (CZK -0.6bn), higher gross margin on gas sales due to higher deliveries and lower costs (CZK +0.2bn); **Romania (CZK -0.1bn)** higher additions to allowances on receivables; **Bulgaria (CZK -0.3bn)** additions to allowances on receivables and provisioning for litigation

 No year-on-year change in the Mining segment

NET INCOME—Q4 YEAR-ON-YEAR COMPARISON

(CZK bn)	Q4 2015	Q4 2016	Change	%
EBITDA	16.7	14.3	-2.4	-14%
Depreciation, amortization and impairments*	-12.4	-9.8	+2.6	+21%
Other income (expenses)	1.7	-3.4	-5.1	-
Income taxes	-2.1	-1.2	+0.9	+42%
Net income	3.9	-0.1	-4.1	-
Net income - adjusted	**9.0**	**2.9**	**-6.2**	**-68%**

Depreciation, Amortization, and Impairments* (CZK +2.6bn):

- Lower additions to fixed asset impairments (CZK +3.1bn)
- Increased depreciation and amortization (CZK -0.5bn) primarily due to started depreciation of comprehensively renovated Prunéřov Power Plant

Other income (expenses) (CZK -5.1bn):

- Refund of a portion of gift tax on emission allowances for 2011 and 2012 in 2015 (CZK -3.8bn)
- Negative effect of USD/TRY exchange rate on the financial results of companies in Turkey (CZK -2.1bn)
- Revaluation of MOL share option (CZK -0.9bn) due to increased share price
- Cost of buyback of issued bonds in 2015 (CZK +0.9bn)
- Foreign exchange gains and losses other than the effect of USD/TRY (CZK +0.7bn)

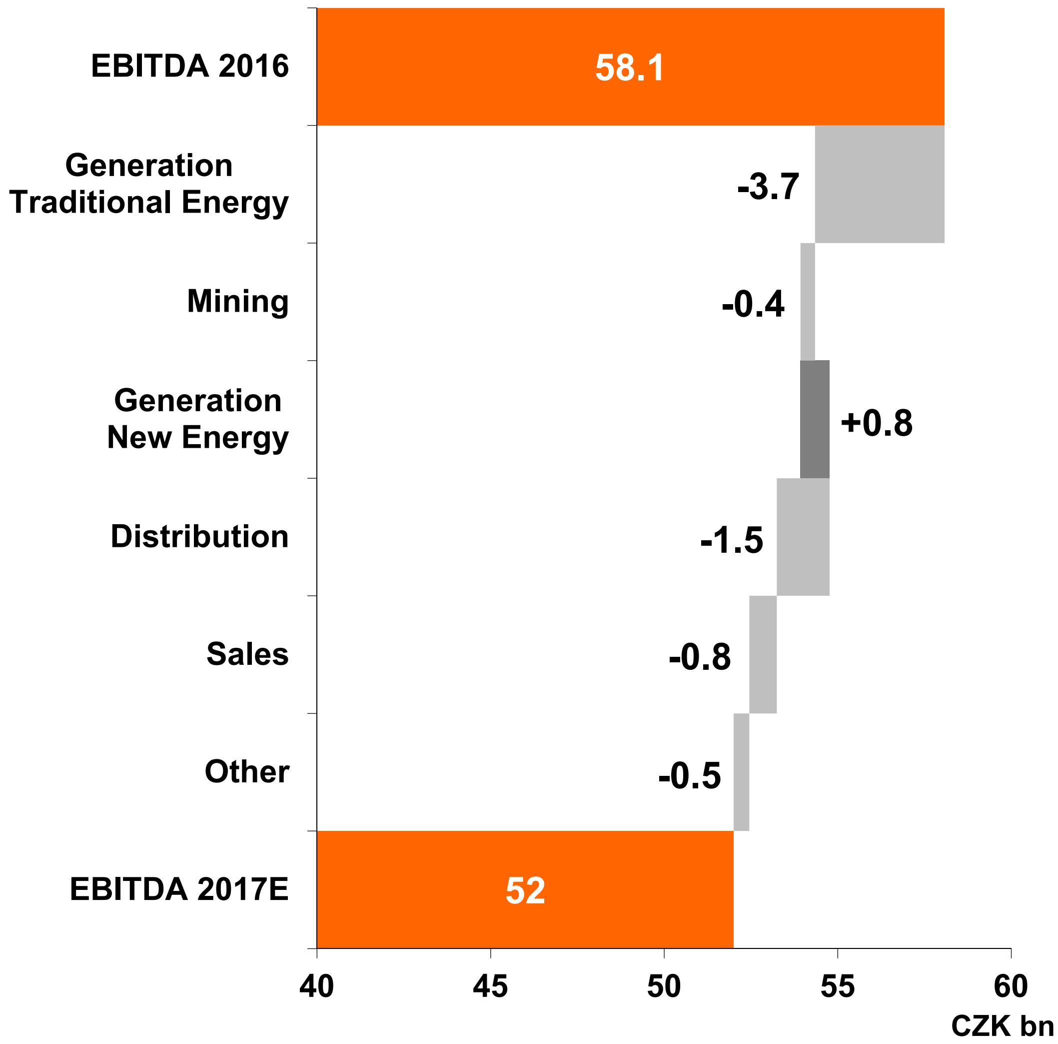
Net income adjustment ***

- *Q4 2015 net income adjusted for the negative effect of fixed asset impairments, goodwill write-off, and write-off of abandoned investments (CZK +5.1bn)*
- *Q4 2016 net income adjusted for the negative effect of fixed asset impairments, goodwill write-off, and write-off of abandoned investments (CZK +2.7bn)** and the negative effect of developed project impairments (CZK +0.3bn)*

* Including profit/loss from sales of tangible and intangible fixed assets
** Additions to fixed asset impairments in Turkey (CZK 0.6bn) are reported under Income (Expenses) from Investments and Securities
*** The definition of Adjusted Net Income was refined in Q4 2016 (see Annex)

EXPECTED YEAR-ON-YEAR CHANGE IN EBITDA

MAIN CAUSES BY SEGMENT



Generation—Traditional Energy

- Lower profit on commodity trading, active dispatching and balancing, and ancillary services
- Higher expenses on emission allowances
- Decrease in electricity realization prices incl. hedging offset by increased generation at nuclear power plants
- Higher fixed expenses on safety and long-term operation at nuclear facilities

Mining

- Primarily, increased fee for mined minerals and decreased revenues from coal sales

Generation—New Energy

- Allocation of 2013–2015 certificates for wind farms in Romania in 2016
- Addition to impairments for EWC projects in 2016
- RES acquisitions in 2016 and development goals

Distribution

- Positive effect of unbilled electricity settlement in Czechia in 2016
- Effect of correction factors and higher permitted revenues

Sales

- Positive effect of unbilled electricity settlement in Czechia in 2016
- Taking up specific market opportunities in electricity and gas sales in 2016 (especially a significant drop in electricity prices)
- Expected payment of SŽDC debt from 2011

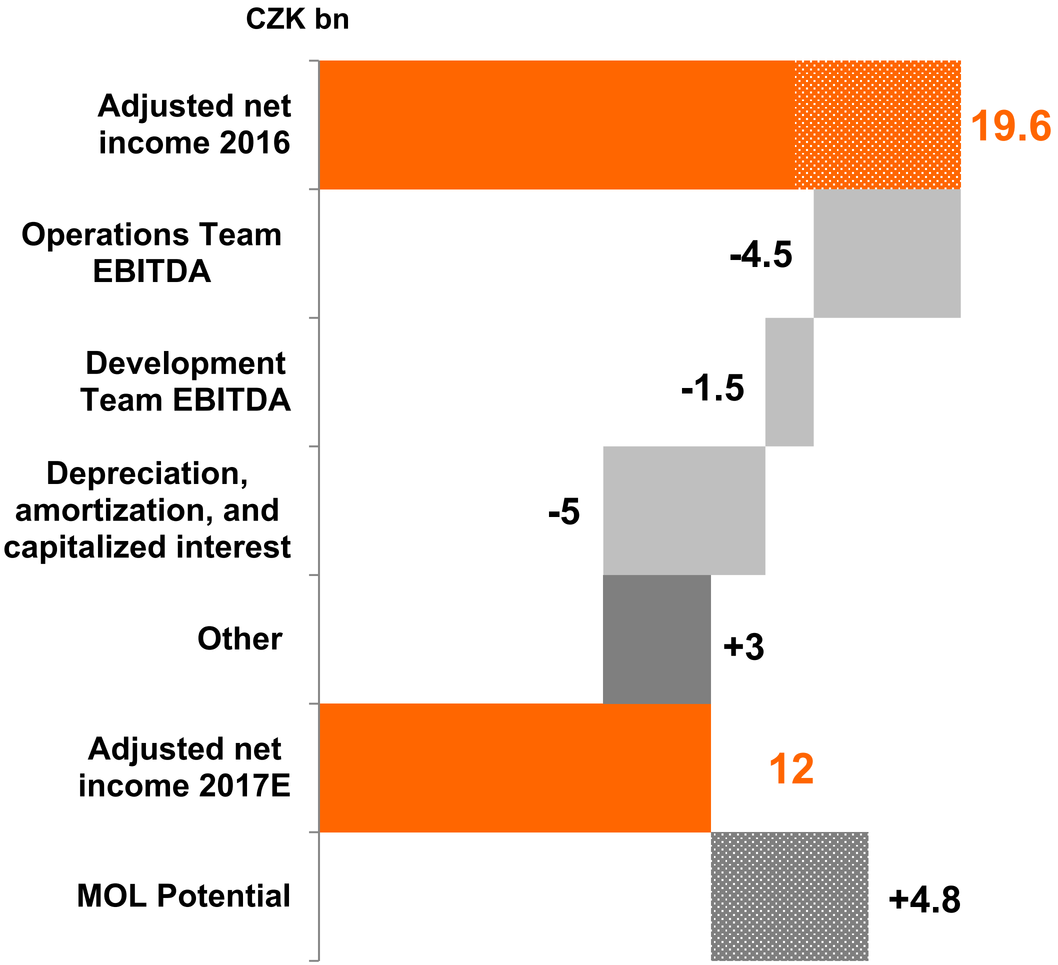
Other

- Primarily, expenses relating to Škoda Praha Invest's projects

 EWC—Eco-Wind Construction; SŽDC—Správa železniční dopravní cesty (Railway Infrastructure Administration)

EXPECTED YEAR-ON-YEAR CHANGE IN NET INCOME

MAIN REASONS



Main reasons of y-o-y change:

Operations Team EBITDA

- Lower profit on business activities and ancillary services
- Higher expenses on emission allowances
- Higher fixed expenses on safety at NPPs
- Decrease in electricity realization prices including hedging offset by increased production at NPPs

Development Team EBITDA

- Effect of unbilled electricity settlement in Czechia in 2016 and effect of correction factors (CZK -2.7bn)
- Expected payment of SŽDC debt from 2011
- Acquisition of renewables in 2016 (CZK +0.4bn)

Depreciation, amortization, and capitalized interest

- Depreciation and amortization increased by CZK 3bn and interest capitalization decreased by CZK 2bn primarily due to expected completion of new coal-fired unit in Ledvice and due to completion of comprehensive renovation of Prunéřov Power Plant in 2016

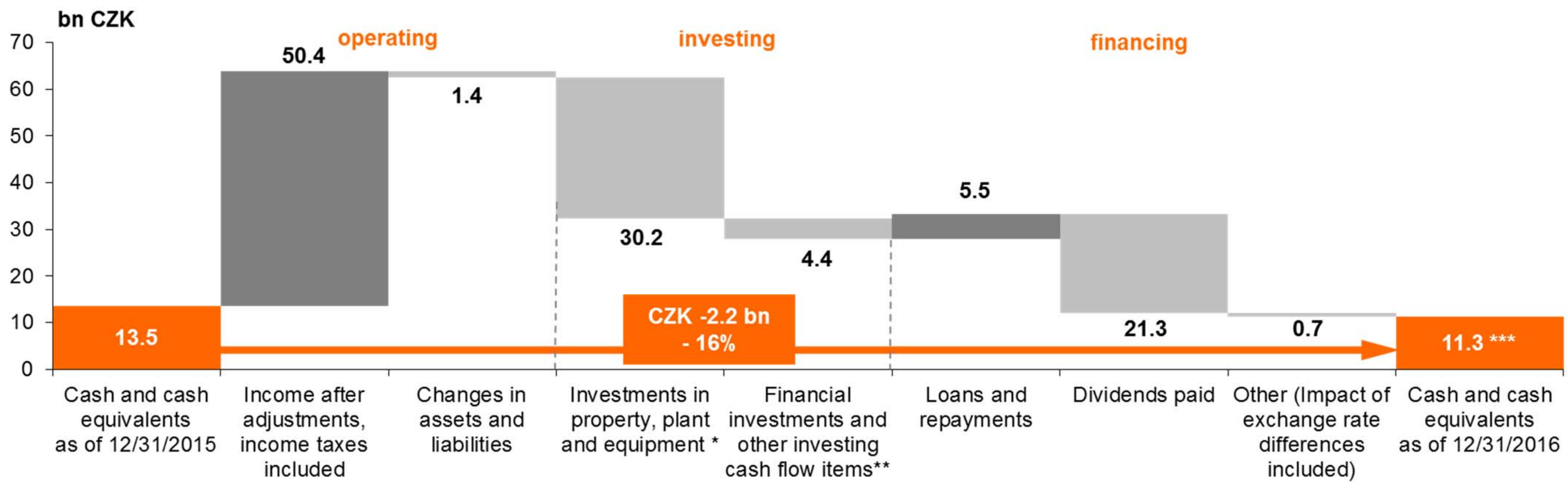
Other

- Sale of residential property (CZK +1.4bn)
- MOL option revaluation in 2016 (CZK +1.0bn)
- Negative effect of USD/TRY exchange rate in 2016

Selected prediction opportunities:

- Potential net income of CZK +4.8bn if bondholders of convertible bond exercise their right to redeem the bond by exchange for MOL shares instead of repayment of the bond in cash in 2017
- Potential income from possible sale of coal-fired Počerady Power Plant

CASH FLOWS IN 2016



Cash Flows from Operating Activities (CZK +49.0bn)

- Income after adjustments (CZK +50.4bn): income before taxes (CZK +19.3bn), depreciation and amortization of nuclear fuel (CZK +32.1bn), fixed asset impairments (CZK +3.1bn), loss from associates and joint ventures (CZK +2.7bn), income tax paid (CZK -6.7bn)
- Changes in assets and liabilities (CZK -1.4bn)

Cash Flows Used in Investing Activities (CZK -34.6bn)

- Investments in property, plant, and equipment—CAPEX (CZK -30.2bn); see details in Annex
- Additions to long-term financial assets (CZK -5.3bn): including purchase of bank bonds (CZK -4.6bn), INVEN CAPITAL's new investments (CZK -0.7bn)
- Proceeds from sales of long-term assets (CZK +1.1bn): primarily sale of Bank of China bonds (CZK +0.7bn)

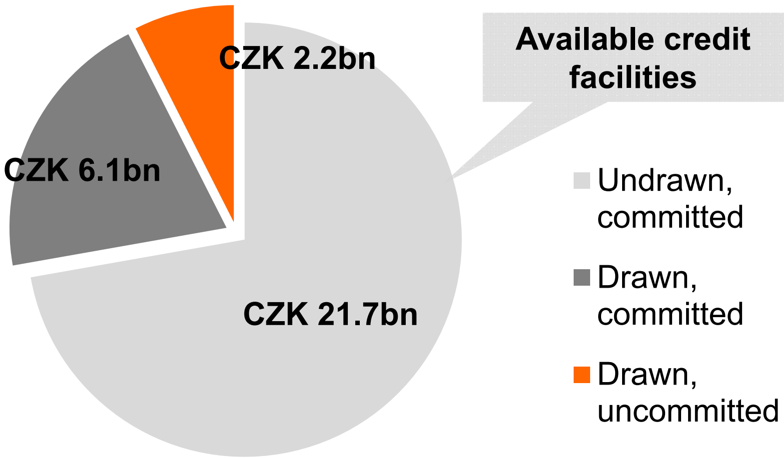
Cash Flows Provided by Financing Activities (CZK -16.5bn)

- Dividends paid (CZK -21.3bn), change in other long-term liabilities (CZK -0.7bn), balance of loans and repayments (CZK +5.5bn)

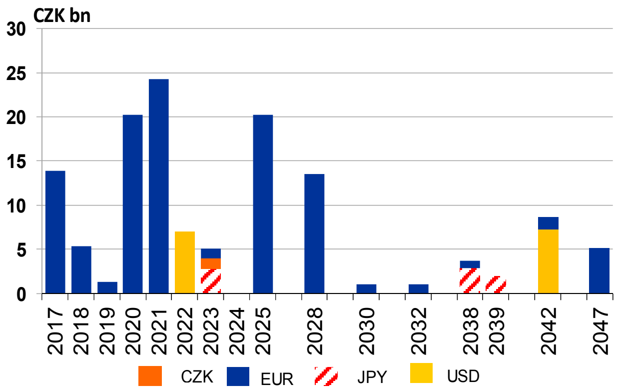
* CAPEX; ** Including change in payables from the acquisition of fixed assets, balance of loans granted, divestments, and change of restricted funds;
*** in consolidated result the figure is lower by CZK 0.1bn due to consolidation of cash and cash equivalents classified as held for sale (Tisová power plant)

CEZ GROUP MAINTAINS A STRONG LIQUIDITY POSITION

Utilization of Short-Term Lines (as at Dec 31, 2016)

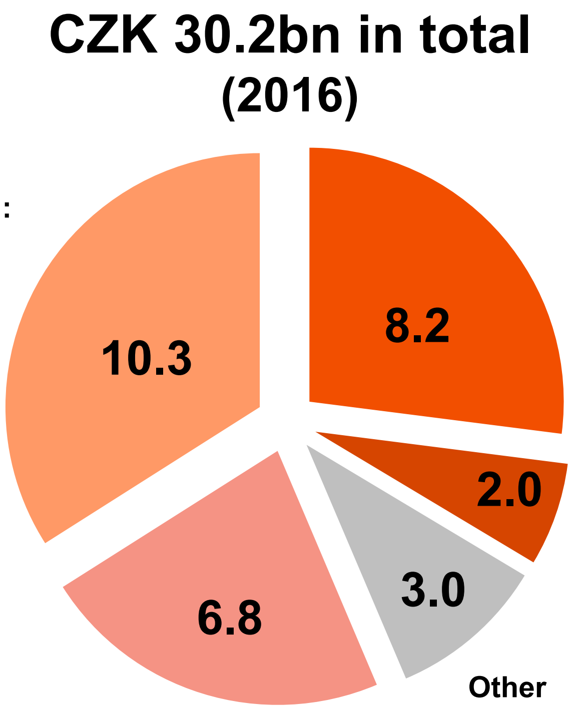


Bond Maturity Profile (as at Dec 31, 2016)



- CEZ Group has access to CZK 27.8bn in committed credit facilities, using just CZK 6.1bn as at Dec 31, 2016.
- Committed facilities are kept as a reserve for covering unexpected needs.
- The average maturity of CEZ Group's financial debts exceeds 7 years.
- Net Debt/EBITDA ratio was 2.52 at Dec 31, 2016.
- On November 2, 2016, CEZ Razpredelenie Bulgaria AD signed non-recourse loan agreement for EUR 98m (approx. CZK 2.6bn) with a 7-year repayment period and non-recourse revolving loan of EUR 18m (CZK 0.5bn).

INVESTMENTS IN FIXED ASSETS



Electricity distribution:
- Czechia: CZK 8.7bn
- Abroad: CZK 1.6bn

Conventional and other generating facilities:
- Comprehensive renovation of Prunéřov Power Plant
- Construction of a new supercritical facility in Ledvice
- Investments are made primarily in the renovation of technology, maximization of operational safety, generation efficiency and environmental friendliness

Mining:
- Projects reacting to the progress of extraction in the two mines (deliveries, renovation, and upgrades of mining equipment and dressing and crushing plants, construction of stabilization measures and water management structures)

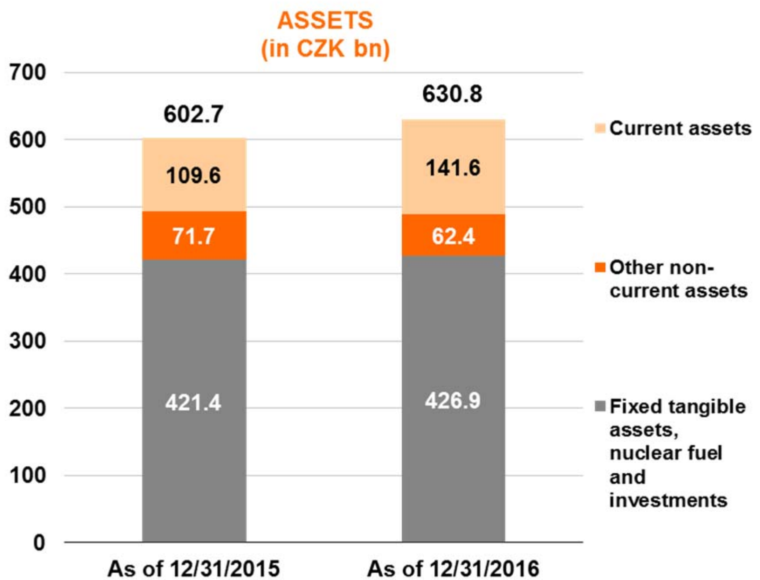
Nuclear facilities (incl. nuclear fuel procurement):
- Existing Temelín & Dukovany NPPs—Continued implementation of projects fulfilling requirements from the National Action Plan for Nuclear Safety Enhancement, drawn up after the events at the nuclear power plant at Fukushima, Japan
- New nuclear power plants at Temelín and Dukovany—Preparation of projects at both the Temelín and Dukovany sites continues in accordance with the approved National Action Plan for Nuclear Energy. The projects for the Temelín and Dukovany NNPPs were spun off into subsidiaries, ETE II and EDU II, respectively, on Oct 1, 2016.

 Due to precise mathematical rounding, the sum of partial values can sometimes differ from the total value.

BALANCE SHEET OVERVIEW AS AT DEC 31, 2016

Property, plant, and equipment increased by CZK 5.5bn due to investments (see CAPEX), partially offset by depreciation, amortization, and impairments (see Other Income (Expenses))

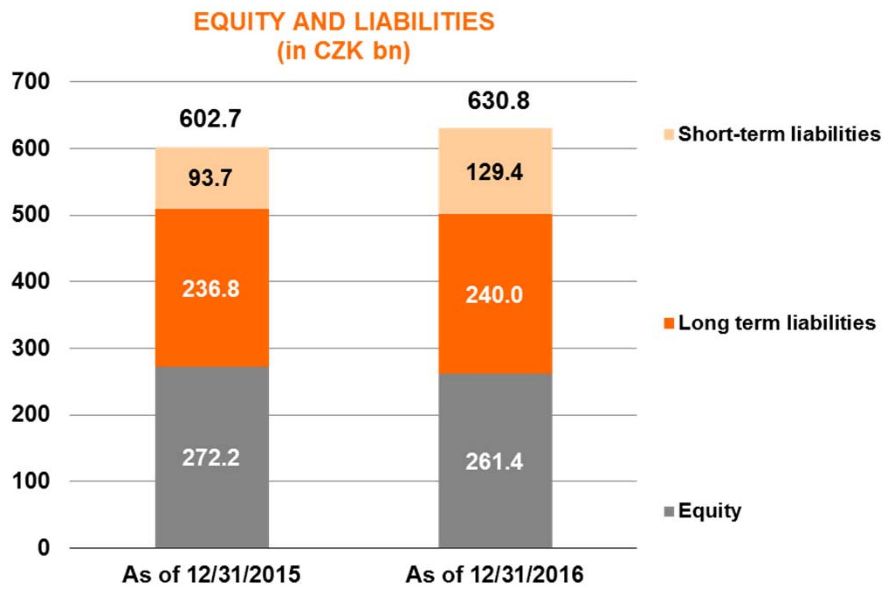
Other non-current assets decreased by CZK 9.3bn
- Reclassification of MOL shares as current assets of CZK -9.4bn
- Decrease in the value of investment in joint ventures of CZK -3.9bn
- Decrease in long-term receivables from derivatives of CZK -2.8bn
- Increase in bank bonds of CZK +4.0bn
- Increase in intangible fixed assets of CZK +1.8bn
- Increase in financial assets with limited availability of CZK +1.0bn



Current assets increased by CZK 32.0bn
- Increase in receivables from derivatives incl. options of CZK +17.1bn
- Increase in net receivables of CZK +10.3bn
- Increase in available-for-sale securities and short-term deposits of CZK +6.7bn, primarily due to reclassification of MOL shares from other non-current assets
- Decrease in cash and cash equivalents of CZK -2.3bn

Equity decreased by CZK 10.8bn
- Dividends of CZK -21.3bn
- Other comprehensive income of CZK -4.1bn, increase in net income of CZK +14.6bn

Long-term liabilities increased by CZK 3.2bn
- Increase in nuclear provisions of CZK +5.5bn and long-term bank loans of CZK +4.0bn
- Increase in long-term derivative liabilities of CZK +3.8bn
- Decrease in bonds issued of CZK -7.3bn
- Decrease in deferred tax liability of CZK -1.8bn
- Decrease in accrued connection fees of CZK -0.7bn

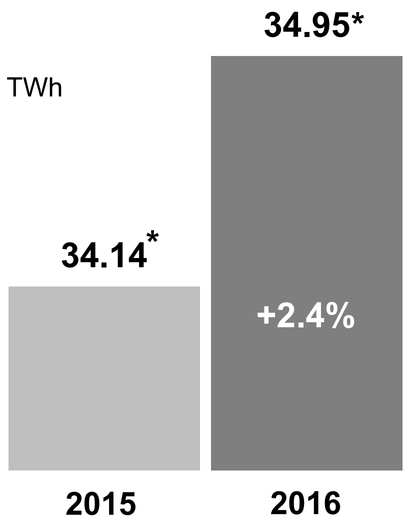


Short-term liabilities increased by CZK 35.7bn
- Increase in short-term payables from derivative trading incl. options of CZK +21.5bn
- Increase in short-term bank loans incl. current portion of long-term debt of CZK +13.6bn
- Increase in trade payables including advances of CZK +2.6bn
- Decrease in other liabilities of CZK -1.6bn

 Due to precise mathematical rounding, the sum of partial values can sometimes differ from the total value.

ELECTRICITY CONSUMPTION IN THE DISTRIBUTION AREA OF ČEZ DISTRIBUCE GREW YEAR-ON-YEAR

Consumption in the Distribution Area of ČEZ Distribuce

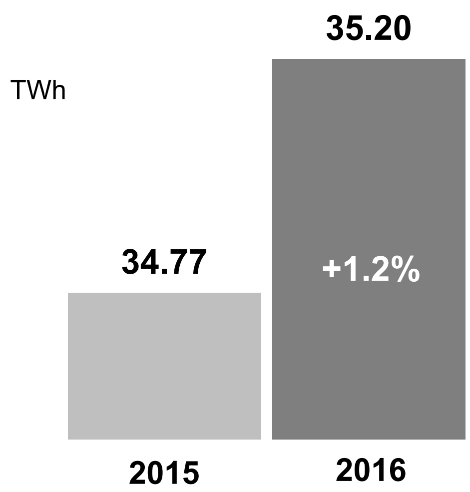


Changes in consumption (+2.4%) by segment:*

- +1.9% large end customers
- +3.4% residential customers
- +2.4% commercial retail

Temperature- and Calendar-Adjusted Consumption**

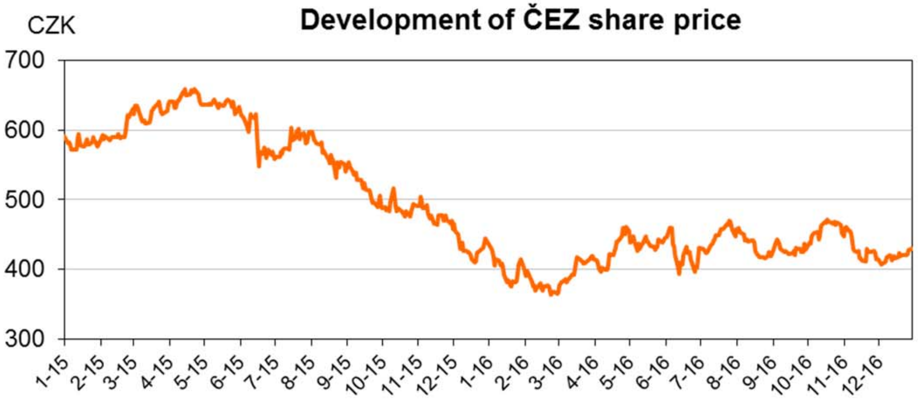
(in the Distribution Area of ČEZ Distribuce)

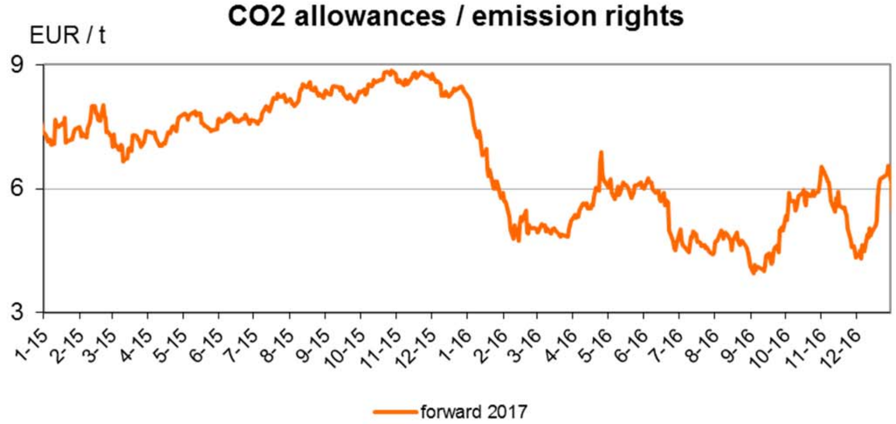


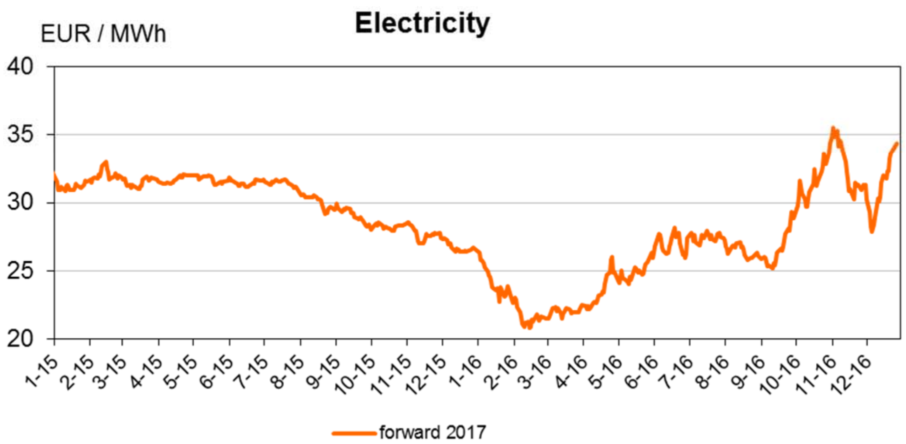
- Analysis based on CEZ Group's internal data.
- CEZ Group's distribution area covers around 5/8 of Czechia's territory, so the data are a good indicator of nationwide consumption trends.
- According to the Energy Regulatory Office's data, measured consumption in Czechia has grown by 1.9% and temperature- and calendar-adjusted consumption has grown by 0.7%.

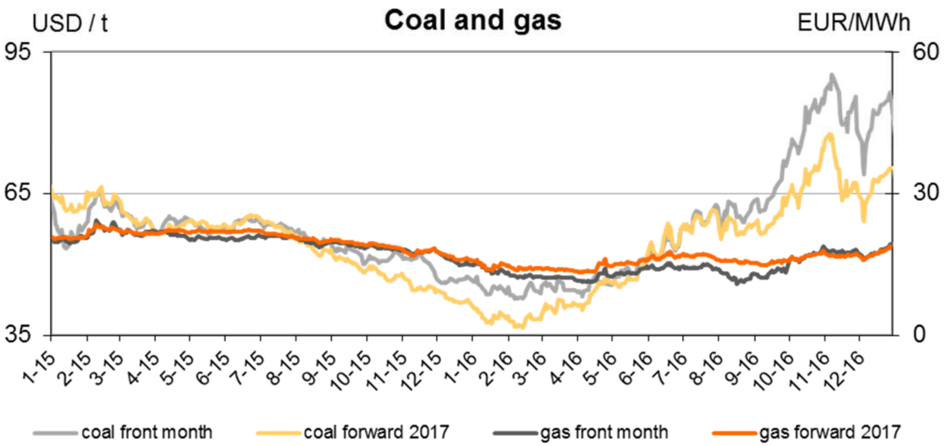
* Acc. to data of ČEZ Distribuce, a. s. (5/8 of Czechia) ** Data and adjustment as per the ČEZ Distribuce, a. s. model

MARKET DEVELOPMENTS 2015 - 2016





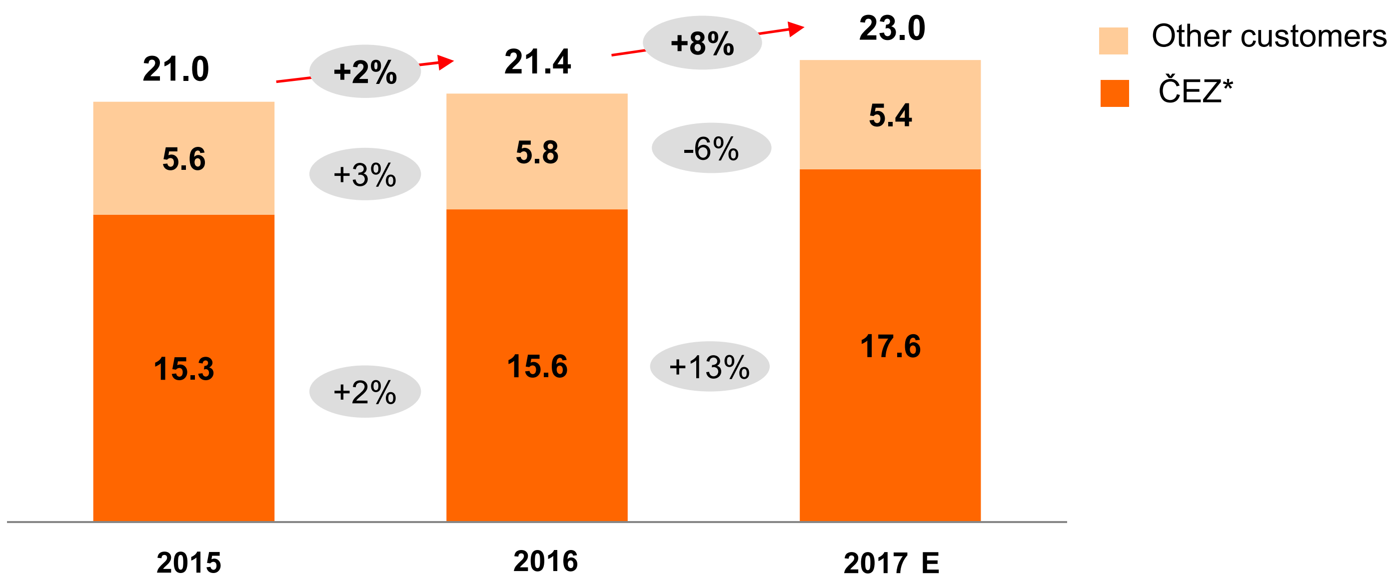




MINING IN 2017

COAL EXTRACTION IS EXPECTED TO GROW BY 8%

Severočeské doly—Coal Extraction (Millions of Tons)



- The increase in coal consumption of 0.4 million tons in 2016 was due to higher demand for thermal coal both among CEZ Group’s power plants and heating plants and among customers outside CEZ Group.
- 2017 production is expected to grow by 1.7 million tons due to higher demand for thermal coal among CEZ Group’s power plants and heating plants.

* ČEZ, a. s. incl. Počerady Power Plant and Energotrans

Electricity balance (GWh)

	2015	2016	Index 2016/2015
Electricity procured	**54,300**	**54,656**	**+1%**
Generated in-house (gross)	60,917	61,132	+0%
In-house and other consumption, including pumping in pumped-storage plants	-6,617	-6,476	-2%
Sold to end customers	**-37,933**	**-37,475**	**-1%**
Sold in the wholesale market (net)	**-11,557**	**-12,861**	**+11%**
Sold in the wholesale market	-206,414	-198,709	-4%
Purchased in the wholesale market	194,857	185,848	-5%
Grid losses	**-4,810**	**-4,320**	**-10%**

Electricity generation by source (GWh)

	2015	2016	Index 2016/2015
Nuclear	26,840	24,104	-10%
Coal and lignite	29,090	30,689	+5%
Water	2,214	2,347	+6%
Biomass	791	879	+11%
Photovoltaic	141	132	-6%
Wind	1,295	1,166	-10%
Natural gas	542	1,813	>200%
Bio gas	3	2	-13%
Total	**60,917**	**61,132**	**+0%**

Sales of electricity to end customers (GWh)

	2015	2016	Index 2016/2015
Households	-13,153	-13,723	+4%
Commercial (low voltage)	-5,525	-5,133	-7%
Commercial and industrial (medium and high voltage)	-19,255	-18,619	-3%
Sold to end customers	**-37,933**	**-37,475**	**-1%**

Distribution of electricity to end customers	**-49,829**	**-50,637**	**+2%**

Electricity balance (GWh)

2016	Generation - traditional energy		Generation - new energy		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Electricity procured	**53,083**	**-**	**1,573**	**-5%**	**0**	**-**	**0**	**-**	**0**	**-**	**54,656**	**+1%**
Generated in-house (gross)	59,532	-	1,600	-5%	0	-	0	-	0	-	61,132	+0%
In-house and other consumption, including pumping in pumped-storage plants	-6,449	-	-27	+26%	0	-	0	-	0	-	-6,476	-2%
Sold to end customers	**-240**	**-**	**0**	**-**	**0**	**-**	**-38,635**	**-2%**	**1,400**	**-28%**	**-37,475**	**-1%**
Sold in the wholesale market (net)	**-52,843**	**-**	**-1,573**	**-5%**	**4,320**	**-10%**	**38,635**	**-2%**	**-1,400**	**-28%**	**-12,861**	**+11%**
Sold in the wholesale market	-223,925	-	-2,405	-2%	0	-	-2,861	-14%	30,481	-6%	-198,709	-4%
Purchased in the wholesale market	171,082	-	832	+5%	4,320	-10%	41,496	-3%	-31,881	-7%	185,848	-5%
Grid losses	**0**	**-**	**0**	**-**	**-4,320**	**-10%**	**0**	**-**	**0**	**-**	**-4,320**	**-10%**

Electricity generation by source (GWh)

2016	Generation - traditional energy		Generation - new energy		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	24,104	-	0	-	0	-	0	-	0	-	24,104	-10%
Coal and lignite	30,689	-	0	-	0	-	0	-	0	-	30,689	+5%
Water	2,046	-	301	+24%	0	-	0	-	0	-	2,347	+6%
Biomass	879	-	0	-	0	-	0	-	0	-	879	+11%
Photovoltaic	0	-	132	-6%	0	-	0	-	0	-	132	-6%
Wind	0	-	1,166	-10%	0	-	0	-	0	-	1,166	-10%
Natural gas	1,813	-	0	-	0	-	0	-	0	-	1,813	>200%
Bio gas	0	-	2	-13%	0	-	0	-	0	-	2	-13%
Total	**59,532**	**-**	**1,600**	**-5%**	**0**	**-**	**0**	**-**	**0**	**-**	**61,132**	**+0%**

Sales of electricity to end customers (GWh)

2016	Generation - traditional energy		Generation - new energy		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	0	-	0	-	0	-	-13,723	+4%	0	-	-13,723	+4%
Commercial (low voltage)	-1	-	0	-	0	-	-5,132	-7%	0	-	-5,133	-7%
Commercial and industrial (medium and high voltage)	-239	-	0	-	0	-	-19,780	-6%	1,400	-28%	-18,619	-3%
Sold to end customers	**-240**	**-**	**0**	**-**	**0**	**-**	**-38,635**	**-2%**	**1,400**	**-28%**	**-37,475**	**-1%**
Distribution of electricity to end customers	**0**	**-**	**0**	**-**	**-50,637**	**+2%**	**0**	**-**	**0**	**-**	**-50,637**	**+2%**

Electricity balance (GWh)

2016	Czechia		Poland		Romania		Bulgaria		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Electricity procured	**50,823**	**+1%**	**2,596**	**-1%**	**1,231**	**-7%**	**6**	**-2%**	**0**	**-**	**0**	**-**	**54,656**	**+1%**
Generated in-house (gross)	56,944	+1%	2,931	-0%	1,251	-6%	6	-2%	0	-	0	-	61,132	+0%
In-house and other consumption, including pumping in pumped-storage plants	-6,120	-3%	-335	+4%	-21	+37%	0	-	0	-	0	-	-6,476	-2%
Sold to end customers	**-19,600**	**-1%**	**-1,929**	**+20%**	**-3,369**	**-3%**	**-9,713**	**+0%**	**-2,864**	**-14%**	**0**	**-**	**-37,475**	**-1%**
Sold in the wholesale market (net)	**-29,115**	**+4%**	**-667**	**-34%**	**3,137**	**-1%**	**10,920**	**+0%**	**2,864**	**-14%**	**0**	**-**	**-12,861**	**+11%**
Sold in the wholesale market	-201,207	-4%	-2,895	-2%	-1,960	+0%	-524	+32%	-207	-33%	8,084	-6%	-198,709	-4%
Purchased in the wholesale market	172,091	-5%	2,228	+14%	5,097	-1%	11,444	+1%	3,071	-16%	-8,084	-6%	185,848	-5%
Grid losses	**-2,108**	**-18%**	**0**	**-**	**-999**	**-2%**	**-1,213**	**-1%**	**0**	**-**	**0**	**-**	**-4,320**	**-10%**

Electricity generation by source (GWh)

2016	Czechia		Poland		Romania		Bulgaria		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	24,104	-10%	0	-	0	-	0	-	0	-	0	-	24,104	-10%
Coal and lignite	28,149	+6%	2,540	+1%	0	-	0	-	0	-	0	-	30,689	+5%
Water	2,243	+4%	11	+7%	92	+84%	0	-	0	-	0	-	2,347	+6%
Biomass	500	+35%	379	-10%	0	-	0	-	0	-	0	-	879	+11%
Photovoltaic	126	-7%	0	-	0	-	6	-2%	0	-	0	-	132	-6%
Wind	6	-28%	0	-	1,159	-10%	0	-	0	-	0	-	1,166	-10%
Natural gas		-	0	-	0	-	0	-	0	-	0	-	1,813	>200%
Bio gas	2	-13%	0	-	0	-	0	-	0	-	0	-	2	-13%
Total	**55,130**	**-3%**	**2,931**	**-0%**	**1,251**	**-6%**	**6**	**-2%**	**0**	**-**	**0**	**-**	**61,132**	**+0%**

Sales of electricity to end customers (GWh)

2016	Czechia		Poland		Romania		Bulgaria		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	-7,607	+7%	0	-	-1,704	+4%	-4,277	-0%	-136	+2%	0	-	-13,723	+4%
Commercial (low voltage)	-2,408	+1%	0	-	-850	-4%	-1,761	-19%	-114	+22%	0	-	-5,133	-7%
Commercial and industrial (medium and high voltage)	-9,585	-7%	-1,929	+20%	-815	-13%	-3,676	+14%	-2,615	-16%	0	-	-18,619	-3%
Sold to end customers	**-19,600**	**-1%**	**-1,929**	**+20%**	**-3,369**	**-3%**	**-9,713**	**+0%**	**-2,864**	**-14%**	**0**	**-**	**-37,475**	**-1%**

Distribution of electricity to end customers	**-34,950**	**+2%**	**0**	**-**	**-6,381**	**-1%**	**-9,306**	**+0%**	**0**	**-**	**0**	**-**	**-50,637**	**+2%**

Methods Used to Calculate Indicators Unspecified in IFRS

In accordance with ESMA guidelines, ČEZ provides detailed information on indicators that are not reported as standard in IFRS statements or the components of which are not directly available from standardized statements (financial statements). Such indicators represent supplementary information in respect of financial data, providing report users with additional information for their assessment of the financial position and performance of CEZ Group or ČEZ. In general, these indicators are also commonly used in other commercial companies, not only in the energy sector.

Indicator	
Net debt	Purpose: The indicator shows the real level of a company's financial debt, i.e. the nominal amount of debt net of cash, cash equivalents, and highly liquid financial assets held by the company. The indicator is primarily used to assess the overall appropriateness of the company's debt, for example, in comparison with selected corporate profit or balance sheet indicators. Definition: Long-Term Debt, Net of Current Portion + Current Portion of Long-Term Debt + Short-Term Loans − (Cash and Cash Equivalents + Highly Liquid Financial Assets).
Adjusted Net Income (After-Tax Income, Adjusted)	Purpose: This is a supporting indicator, intended primarily for investors, creditors, and shareholders, that allows interpreting achieved financial results with the exclusion of extraordinary, usually nonrecurring effects that are generally unrelated to ordinary financial performance and value creation in a given period. Definition: Net Income (After-Tax Income) +/− additions to and reversals of impairments of property, plant, and equipment and intangible assets including goodwill +/− additions to and reversals of impairments of developed projects +/− other extraordinary effects that are generally unrelated to ordinary financial performance in a given year and value creation in a given period +/− effects of the above on income tax. Definition change from the last published version of November 8, 2016 (included in Q1–Q3 2016 results): adjustment for profit/loss from sale of subsidiaries was removed from the definition because of CEZ Group's development strategy.
Dividend per Share (Gross)	Purpose: The indicator expresses a shareholder's right to the payment of a share in a joint-stock company's profits (usually for the past year) corresponding to the holding of one share. The subsequent payment of the share in profits is usually subject to taxes, which may be different for different shareholders; therefore, the value before taxes is reported. Definition: Dividend awarded in the current year, before taxes, per outstanding share (paid in the reported year from the profits of prior periods).
EBITDA (EBIT Before Depreciation and Amortization, Impairments, and Asset Sales)	Purpose: This is an important economic indicator showing a business's operating efficiency comparable to other companies, as it is unrelated to the company's depreciation and amortization policy and capital structure or tax treatment. It is one of the fundamental indicators used by companies to set their key financial and strategic objectives. Definition: Earnings Before Taxes and Other Expenses and

Indicator	
	Revenues + Depreciation and Amortization +/− Impairments of Property, Plant, and Equipment and Intangible Assets Including Goodwill (including Write-Off of Canceled Investments) + Sales of Property, Plant, and Equipment and Intangible Assets.
Net debt / EBITDA	Purpose: This indicates a company's capability to decrease and pay back its debt as well as its ability to take on additional debt to grow its business. CEZ Group uses this indicator primarily to assess the adequacy of its capital structure to the structure and stability of its expected cash flows. Definition: Net Debt / EBITDA. The value for the past 12 months is used for EBITDA; the amount at the end of the period, i.e. at December 31 of the period in question, is used for Net Debt.

Most of the components used in the calculation of individual indicators are directly shown in financial statements. The components of calculations that are not included in the financial statements are usually shown directly in a company's books and are defined as follows:

Net Debt indicator—Highly Liquid Financial Assets item (CZK millions):

	As at Dec 31, 2015	As at Dec 31, 2016
Short-term equity securities available for sale	946	0
Short-term debt securities available for sale	0	7
Short-term debt securities held to maturity	3,852	2,945
Short-term deposits	7,315	2,040
Long-term deposits	0	500
Long-term debt securities available for sale	676	4,646
Highly liquid financial assets, total	**12,789**	**10,138**

Adjusted Net Income indicator—individual components:

Adjusted Net Income (After-Tax Income, Adjusted)	Unit	2015	2016
Net income	CZK millions	20,547	14,575
Impairments of property, plant, and equipment and intangible assets including goodwill	CZK millions	7,685	3,114
Impairments of developed projects*)	CZK millions	9	671
Impairments of property, plant, and equipment and intangible assets including goodwill at associates and joint ventures**)	CZK millions	0	1,312
Effects of the additions to or reversals of impairments on income tax***)	CZK millions	-576	-32
Other extraordinary effects	CZK millions	0	0
Adjusted net income	**CZK millions**	**27,666**	**19,640**

**) Included in the row Other operating expenses (impairments of inventories) in the Consolidated Statement of Income*

***) Included in the row Share of profit (loss) from joint ventures in the Consolidated Statement of Income*

****) Included in the row Income taxes (deferred tax) in the Consolidated Statement of Income*