

# ČEZ GROUP PRESENTATION



May 2004

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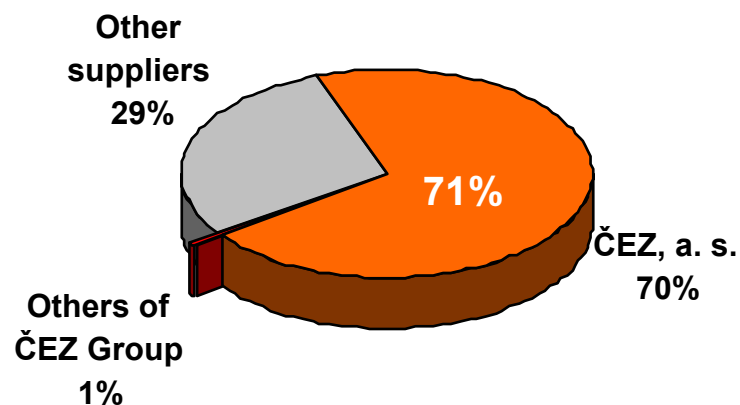
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- The Czech Power Industry
- Position of ČEZ Group
- Nuclear Power
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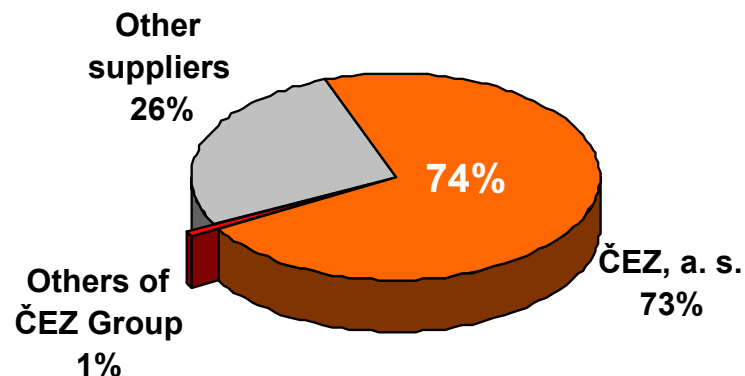
# ČEZ Group Basics as of December 31, 2003

- Dominant power producer and supplier in the Czech Republic
- ČEZ Group represents whole chain from coal and limestone mining, electricity generation to trade, distribution and maintenance. It also includes nuclear research, telecommunications and heat business.
- Successful player on the competitive European market
- Successful operator of two nuclear power plants
- Balanced structure of power plants declines business risks
- 18,100 employees (ČEZ, a. s. 6,780 employees)

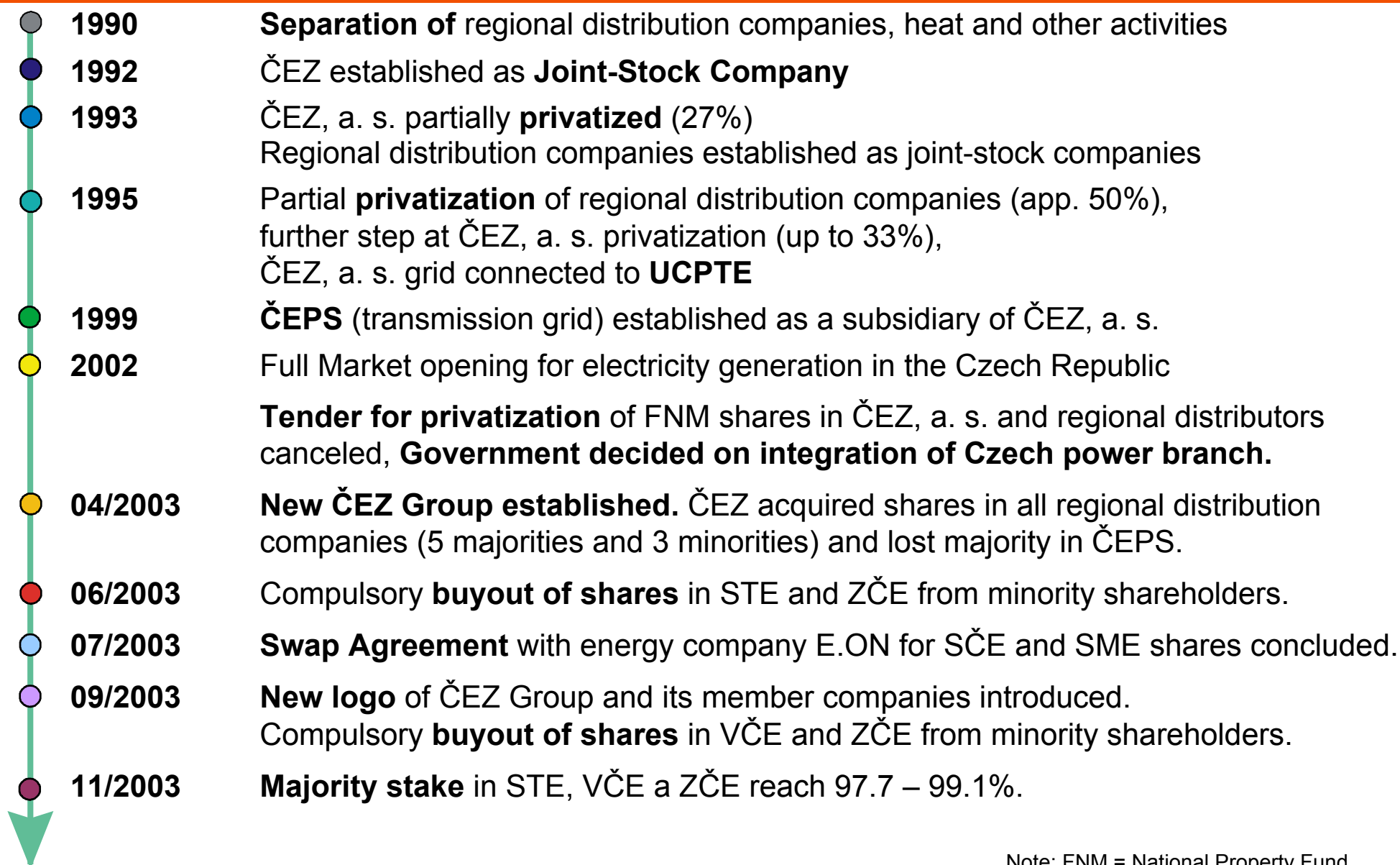
**Installed capacity**  
in the Czech Republic 17,344 MW (+6,3% y/y)



**Gross Electricity Production**  
in the Czech Republic 83,227 GWh (+9,0% y/y)



# ČEZ Group in Highlights



Note: FNM = National Property Fund

2.2A 05.03.

# Definition of Consolidated Unit

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



## Accounting Consolidated Unit

consists of 33 companies, incl. ČEZ, a. s.  
and all five ČEZ Group's distribution companies.



# The Consolidation Group for Accounting Purposes

## Consolidation rules

ČEZ Group members:

**94** companies



Too large group for consolidation

Consolidation group for  
accounting purposes:

**33** companies

Total assets 99.7%\* of total assets  
of the consolidation group

Net profit 99.3%\* of net profit of the  
consolidation group

**Consolidation unit is satisfactory  
picture of ČEZ Group**

\*/ according to 2002 data

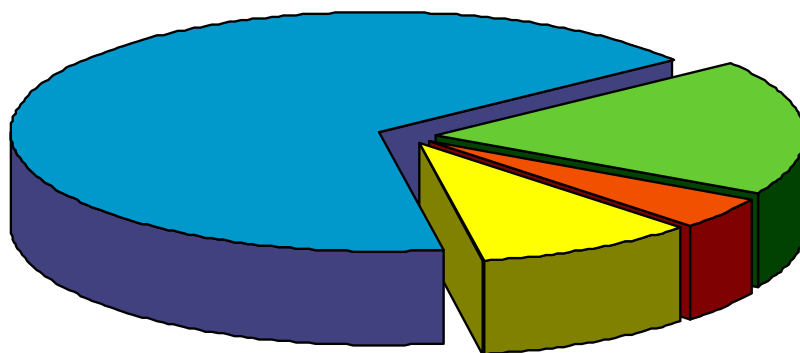
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# The Shareholders of ČEZ, a. s. as of December 31, 2003

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



**Institutional  
Investors  
21.95%**

**Individuals  
4.96%**

**Custodians  
5.48%**

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

## Subsidiaries of ČEZ, a. s.

Maintenance	100% CZK 45 m I&C Energo, s.r.o.	100% CZK 40 m Energetické opravy, a.s.	68.88% CZK 1,258 m ŠKODA PRAHA a.s.
	100% CZK 18 m ČEZ ENERGOSERVIS, spol. s r.o.	51% CZK 4 m SIGMA ENERGO s.r.o.	

Raw Materials	64.87% CZK 569 m KOTOUČ ŠTRAMBERK, s.r.o.	51.05% CZK 333 m LOMY MOŘINA spol. s r.o.
---------------	--	--

Electricity and Heat Generation	100% CZK 412.8 m HYDROČEZ, a.s.
---------------------------------	------------------------------------

Electricity Transmission	
--------------------------	--

Electricity Sales	100% EUR 1.5 m rpg energiehandel GmbH, Germany
-------------------	---

Electricity Distribution	97.72% CZK 3.210 bn STE, a.s.	51.00% CZK 3.258 bn SČE, a.s.
	98.83% CZK 2.55 bn VČE, a.s.	99.13% CZK 1.606 bn ZČE, a.s.
	59.09% CZK 3.407 bn SME, a.s.	

Telecommunications	100% CZK 1 m CEZTel, a.s.	100% CZK 770 m ČEZnet, a.s.
--------------------	------------------------------	--------------------------------

Others	99.99% CZK 420 m AB Michle s.r.o.	66.67% CZK 13.9 m OSC, a.s.
	100% CZK 0.6 m ČEZ Finance BV, Netherlands	52.46% CZK 524.1 m ÚJV Řež a.s.

## Affiliated companies of ČEZ, a. s.

40% CZK 452 m KNAUF POČERADY, spol. s r.o.	37.21% CZK 8.998 bn Severočeské doly a.s.
49% CZK 100 m JVCD, a.s.	34% CZK 58.8 m VLTAVOTÝNSKÁ TEPLÁRENSKÁ, a.s.
34% CZK 17.856 bn ČEPS, a.s.	
20% CZK 50 m Coal Energy, a.s.	
1.71% CZK 3.532 bn JME, a.s.	34.00% CZK 3.869 bn PRE, a.s.

### Explanation:

Share of ČEZ, a. s. (%)      Shareholders' Equity  
Name of the company

Only most important companies are listed here.  
State as of February 29, 2004

More information: [www.skupina-cez.cz/eng](http://www.skupina-cez.cz/eng)

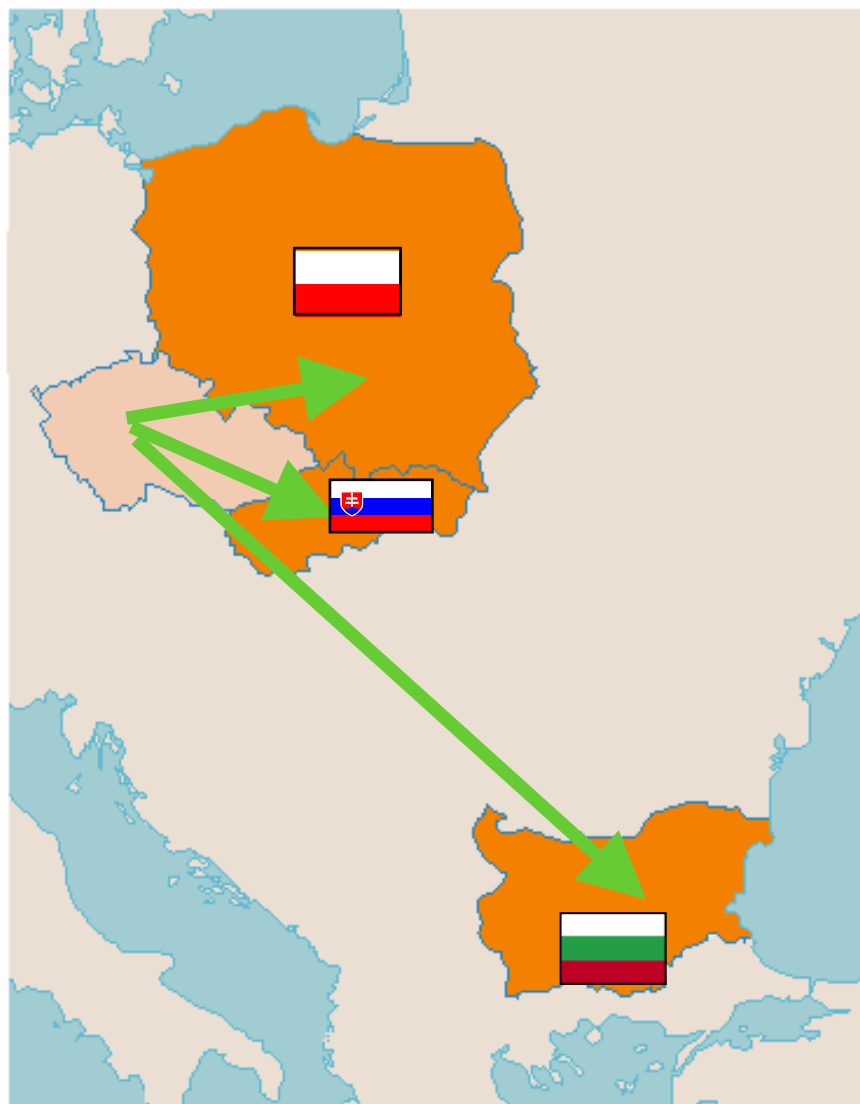
# ČEZ Group on the Way Abroad

**Our destinations:**

**Poland**

**Slovakia**

**Bulgaria**



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

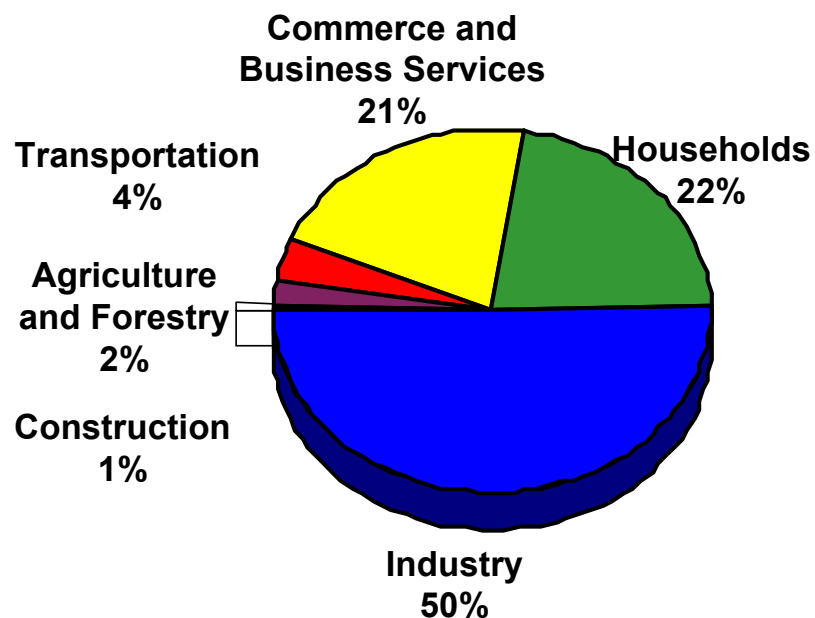
- ČEZ Group Introduction
- **The Czech Power Industry**
- Position of ČEZ Group
- Nuclear Power
- Operational and Financial Results

# Power in the Czech Republic in Brief

- Installed capacity as of 31<sup>st</sup> December
- Demand for electricity
- Net electricity generation
- Gross electricity generation

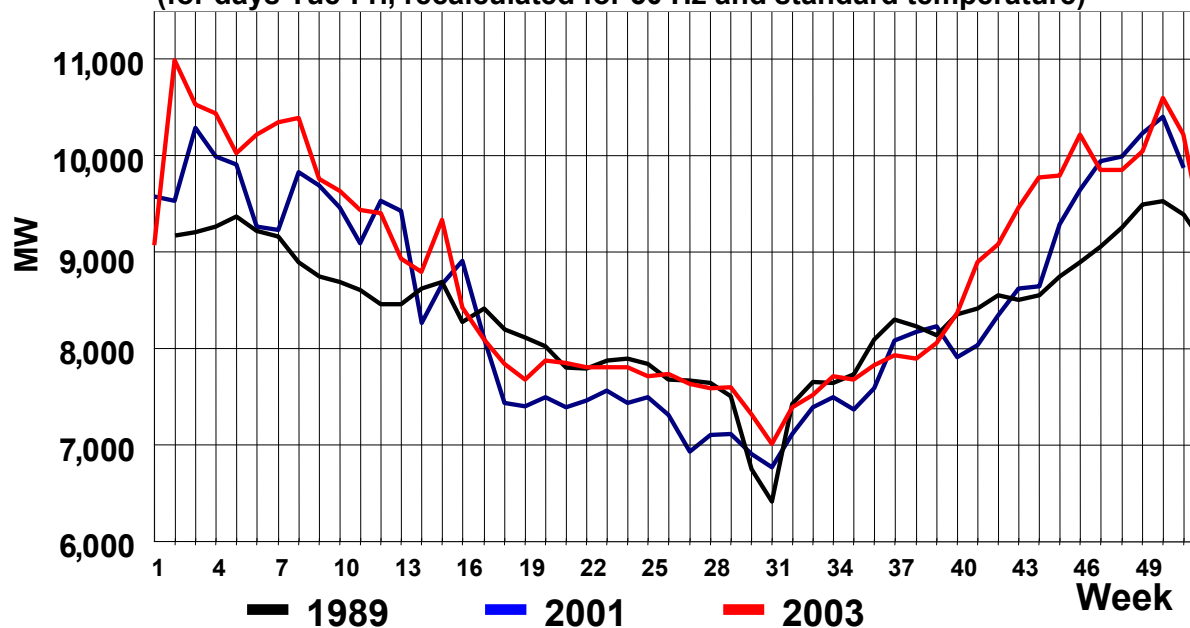
	2002	2003
Installed capacity as of 31 <sup>st</sup> December	16,311 MW	17,344 MW
Demand for electricity	53,670 GWh	54,807 GWh
Net electricity generation	70,393 GWh	76,659 GWh
Gross electricity generation	76,348 GWh	83,227 GWh

## Electricity Demand Structure (2003)



Source of data: ERÚ (Energy Regulatory Office)

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



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# New Energy Policy of the Czech Republic

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

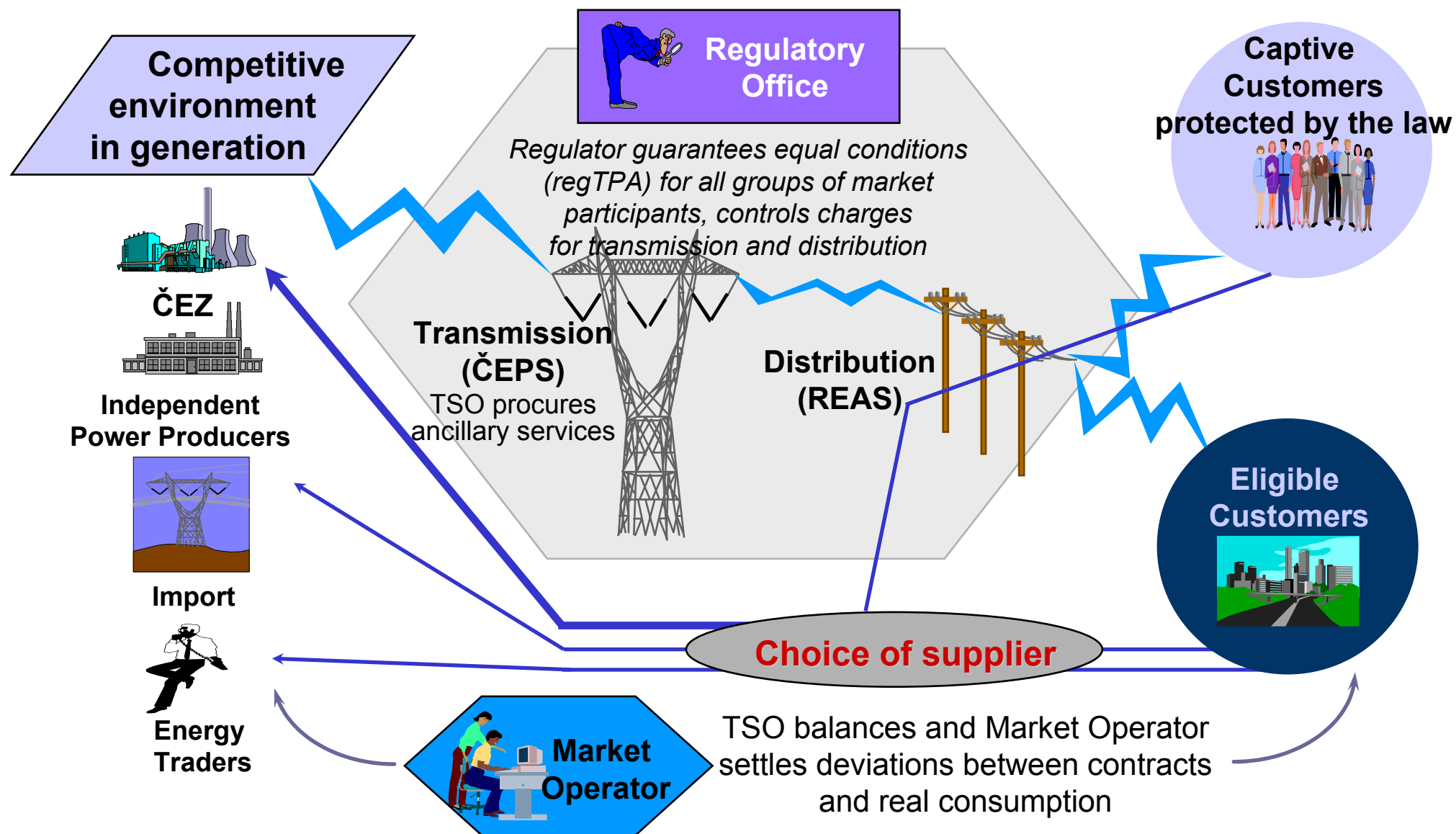
- **30 year horizon**
- **priorities:** independence, security, safety, and reliability
- **goals:**
  - maximum effectiveness of (preferably domestic) resources utilisation
  - maximum respect to the environment
  - completion of transformation and liberalisation of the sector
- **six development scenarios:**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

public hearing during EIA proceedings took place on October 16

**Government has approved new policy on March 10, 2004.**

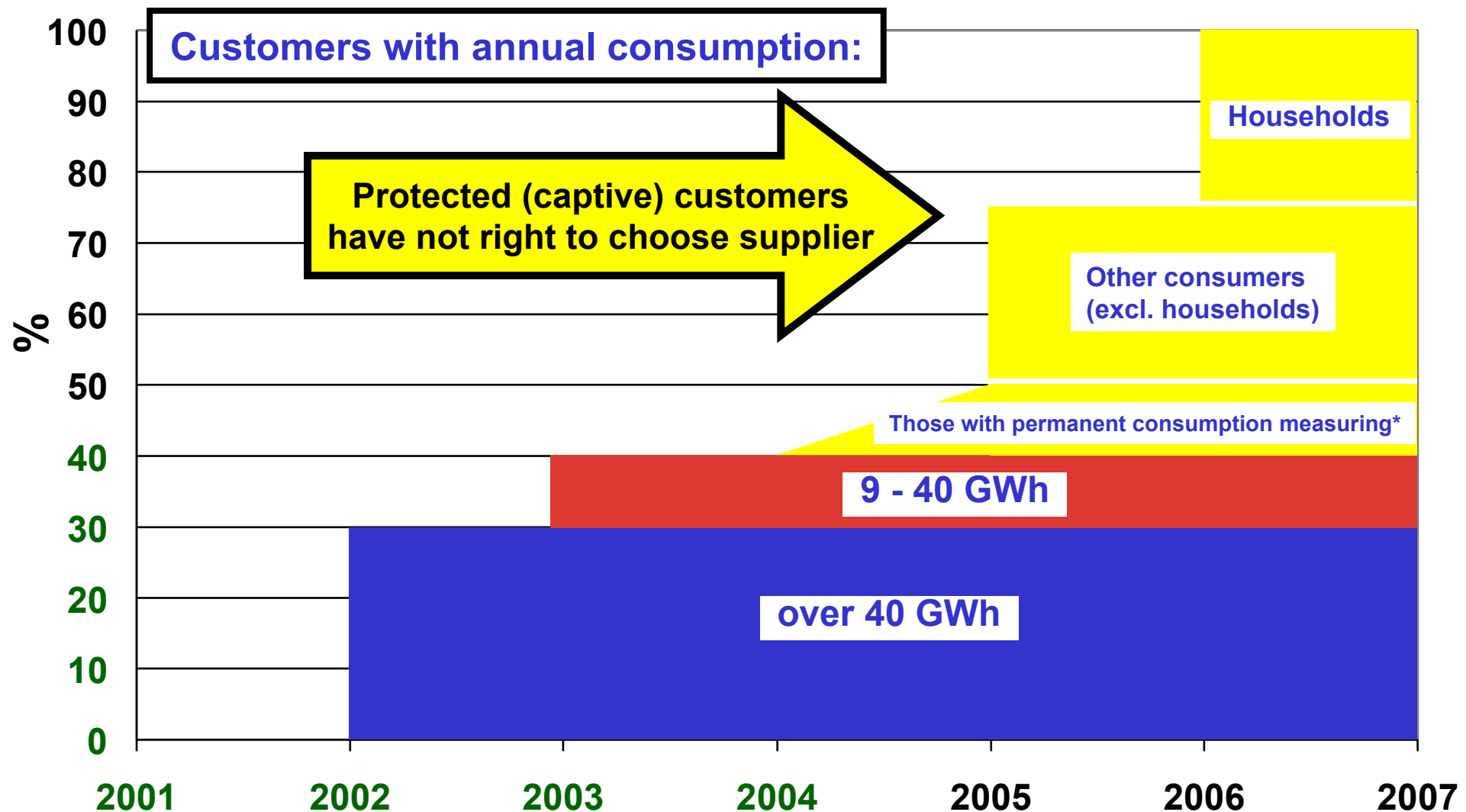
**Green scenario was accepted including some changes, e. g. higher share of renewable resources and natural gas. New nuclear power plants are not ruled out. Coal mining territorial limits are preserved for the present.**

# Current Model of the Electricity Market in the Czech Republic





# Liberalization of Electricity Market in the Czech Republic



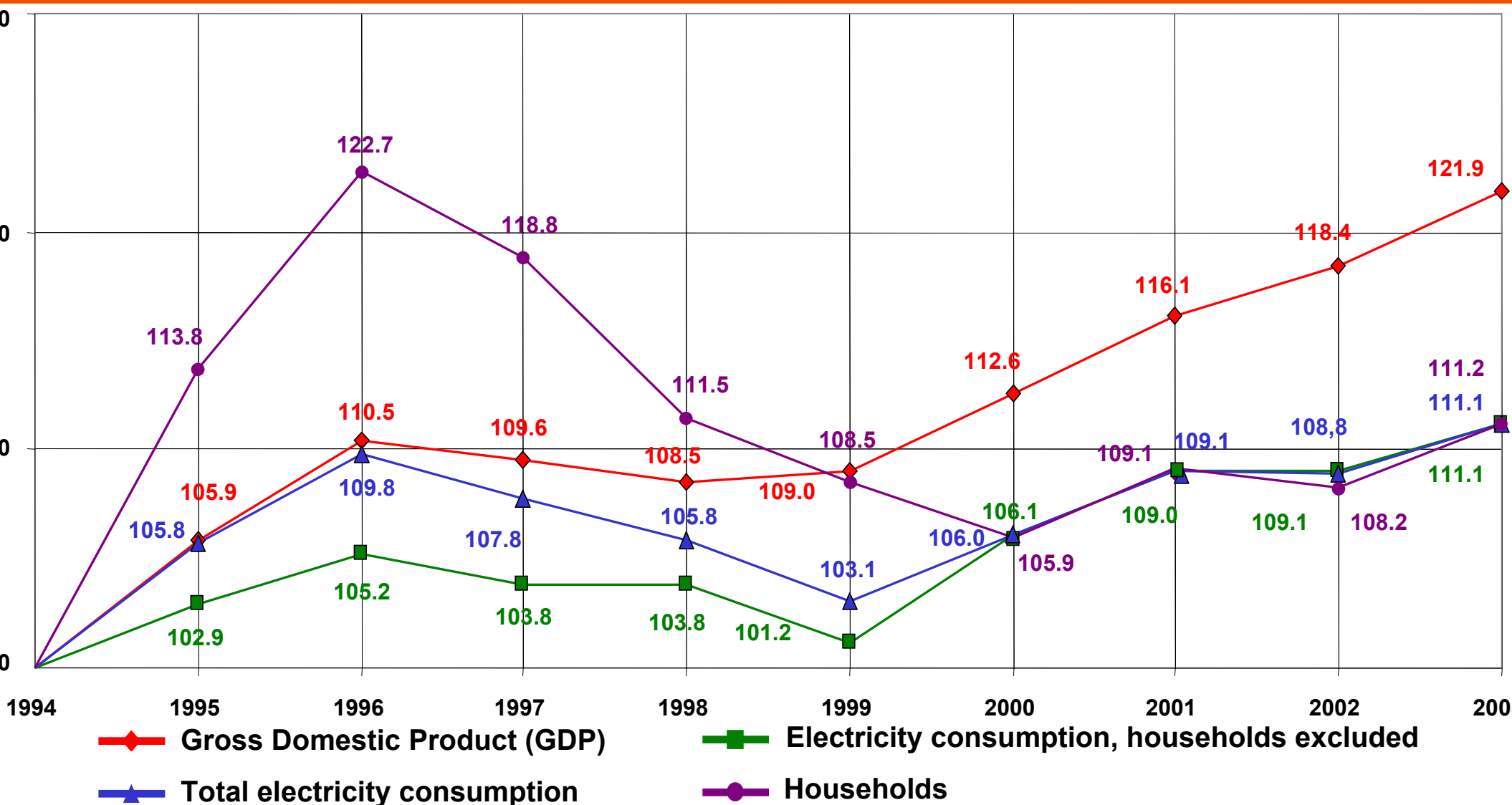
Explanation: Permanent consumption measuring is kind of measuring, when amount of energy or mean value of capacity within the period measured is recorded continuously.

8.1 25.2.200





# GDP and Electricity Consumption in the Czech Republic

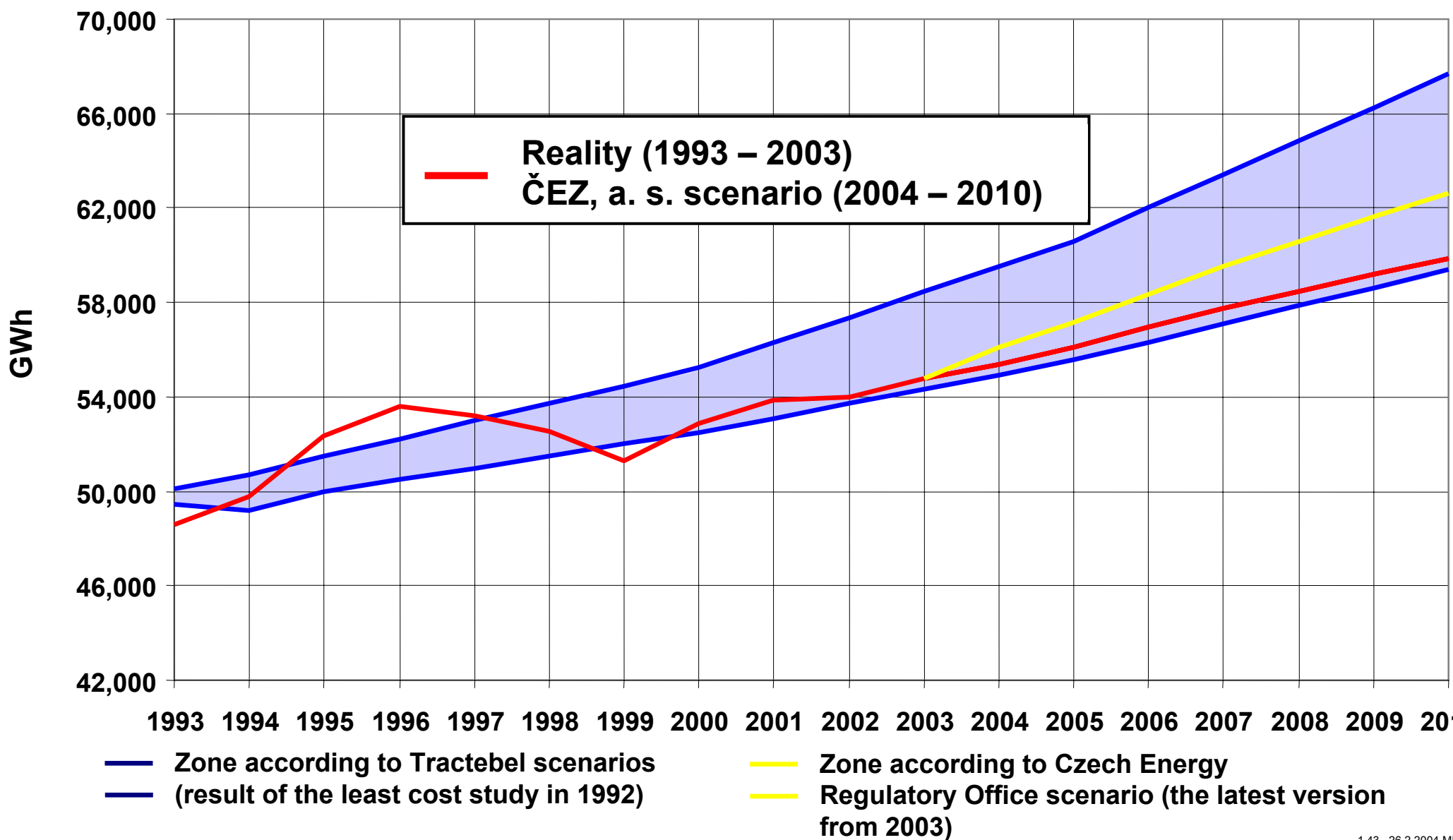


Note: GDP data for 2003 is estimation of Czech Statistical Office published on 10th March 2004.  
Data for years prior to 2003 come from the same report.

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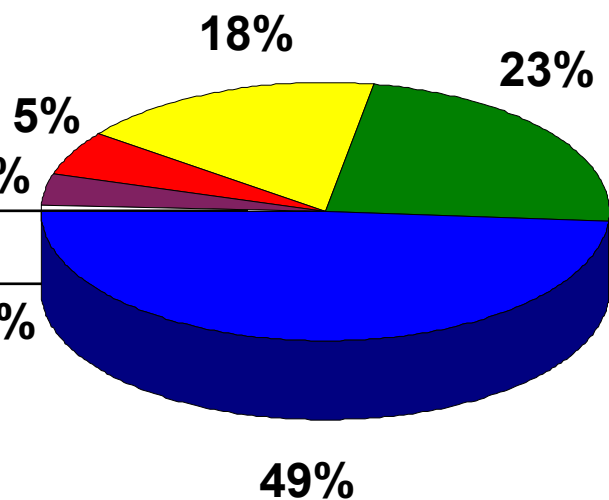
# Electricity Demand in the Czech Republic Scenarios



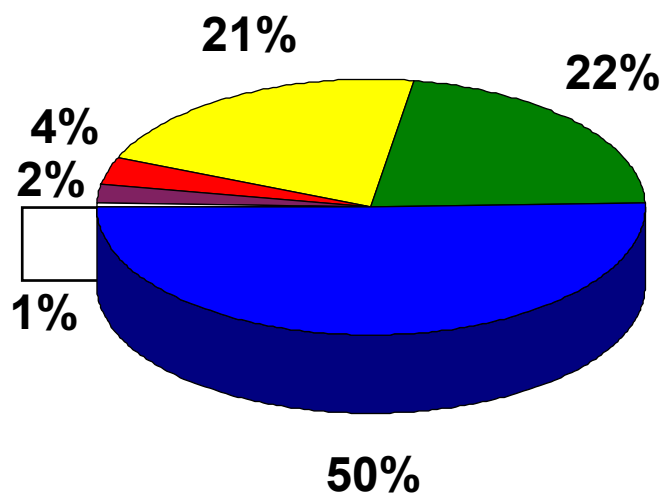


# Electricity Demand Structure in the Czech Republic

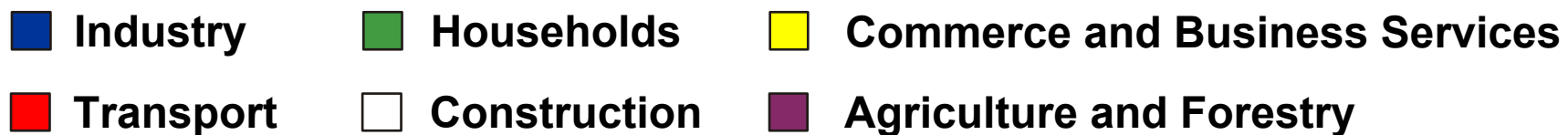
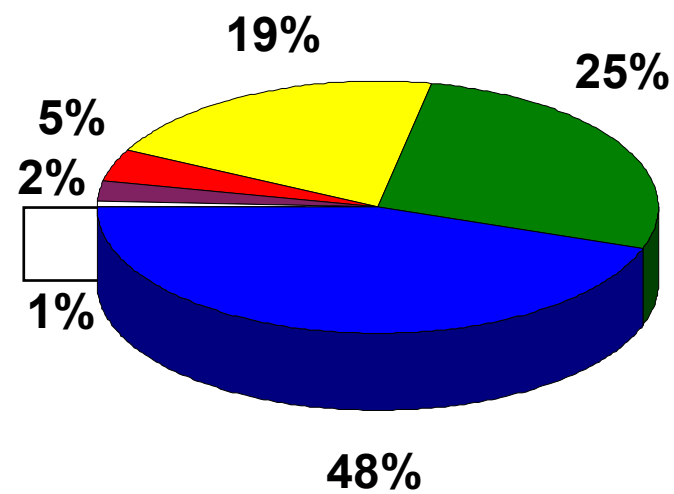
1993



2003



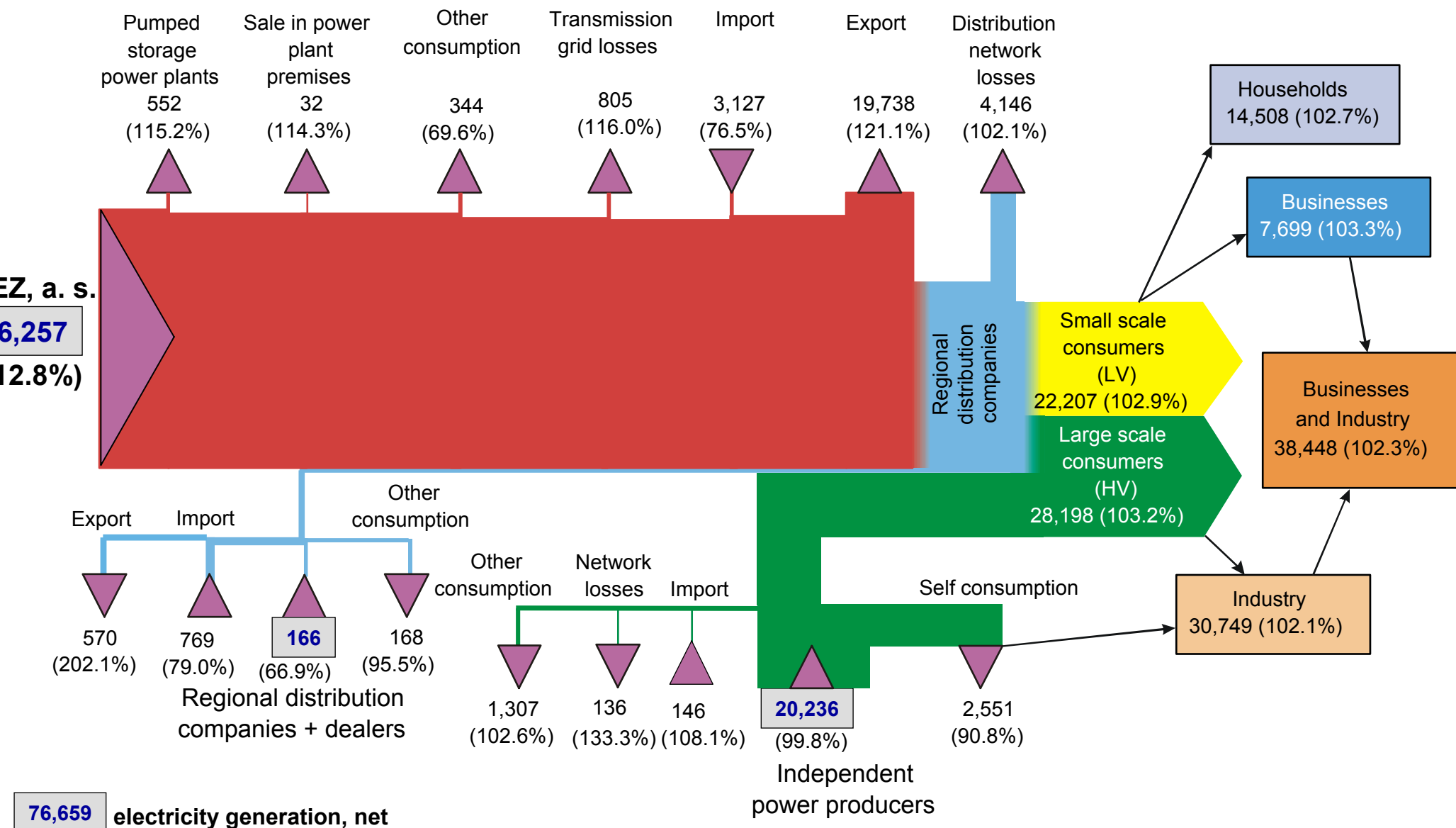
2005\*



\*/ Estimation



# Scheme of the Power Supply in the Czech Republic in 2003 in GWh (index 03/02)



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



# ČEZ, a. s. Mission Statement

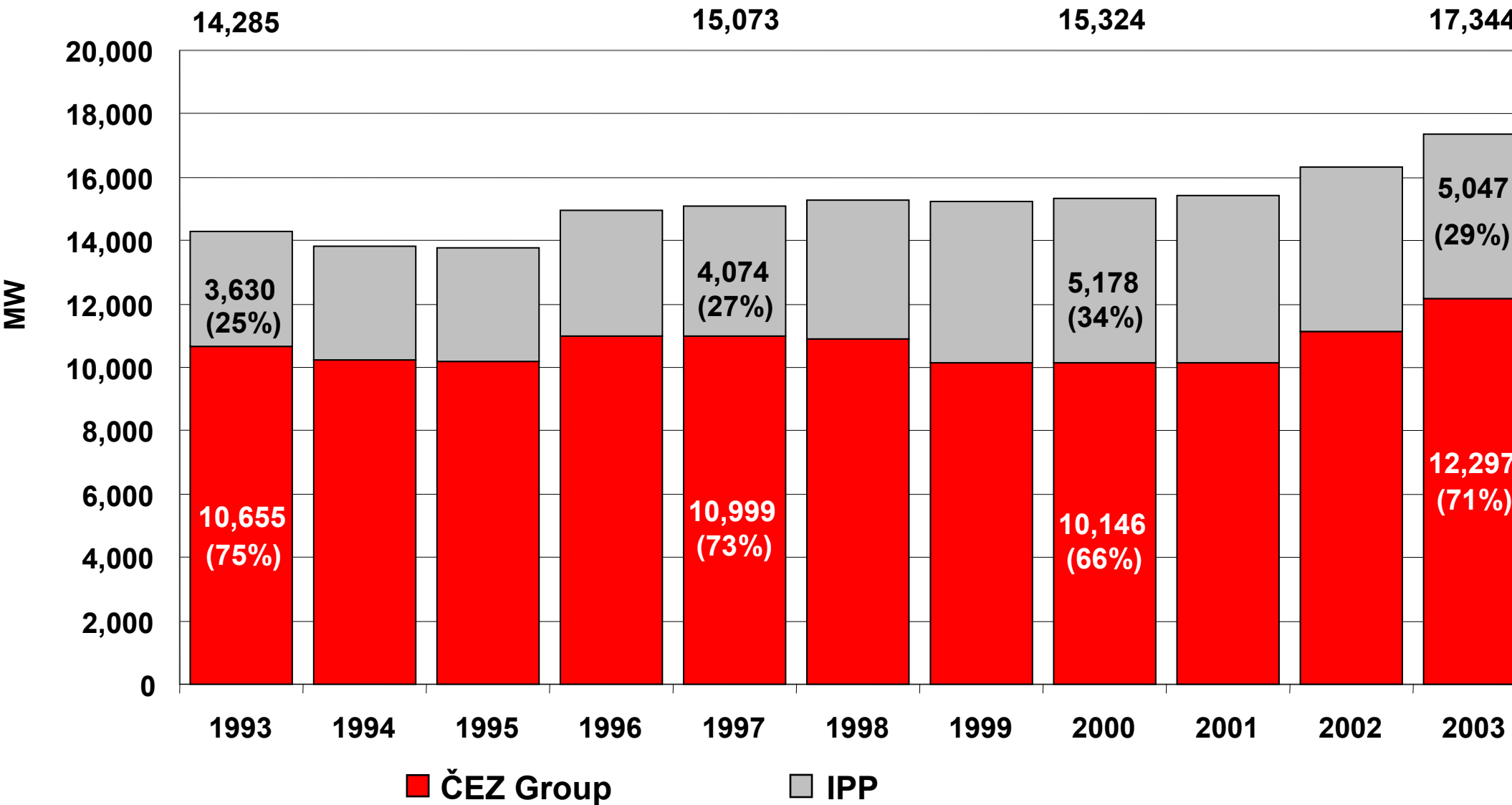
**...to meet demand for electricity and ancillary services of both traditional and newly acquired customers on the basis of successful market operation.**

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

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



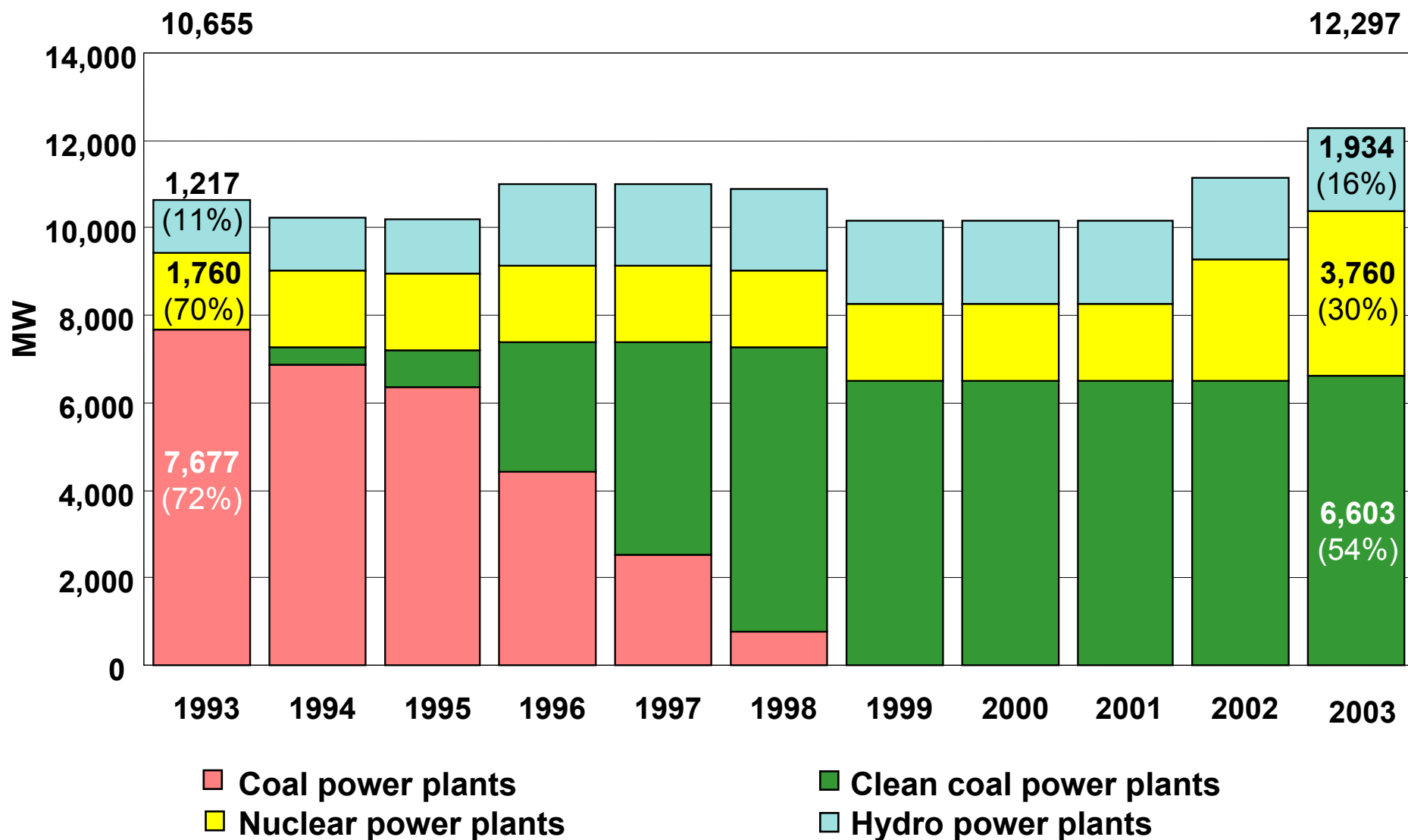
# ČEZ Group's Share in the Installed Capacity of the Czech Republic







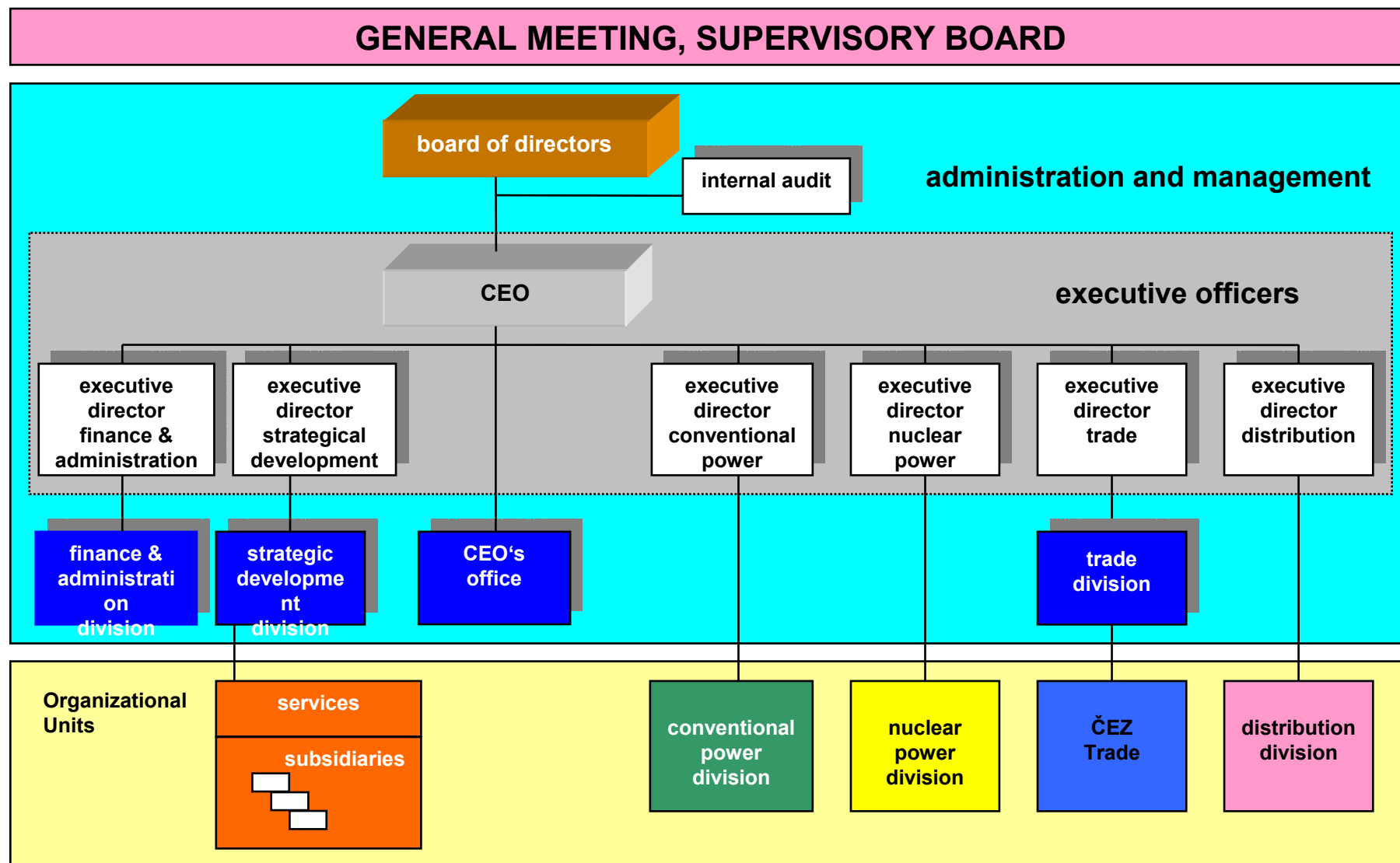
# Installed Capacity of ČEZ Group



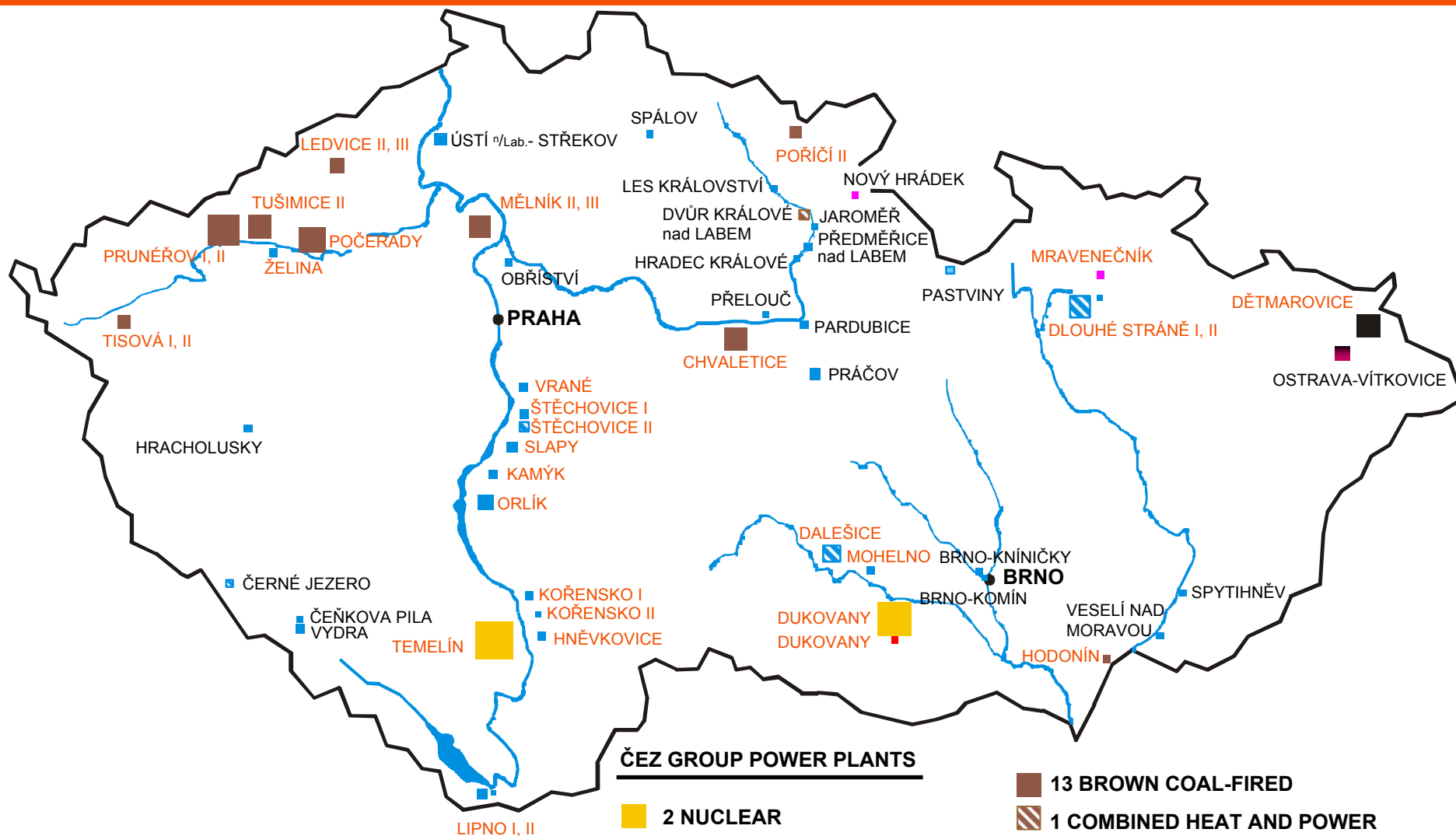
Note: Installed capacity 3 MW of wind PP is included in the installed capacity of hydro PP

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# System of Management of ČEZ, a. s.



# ČEZ Group Power Plants

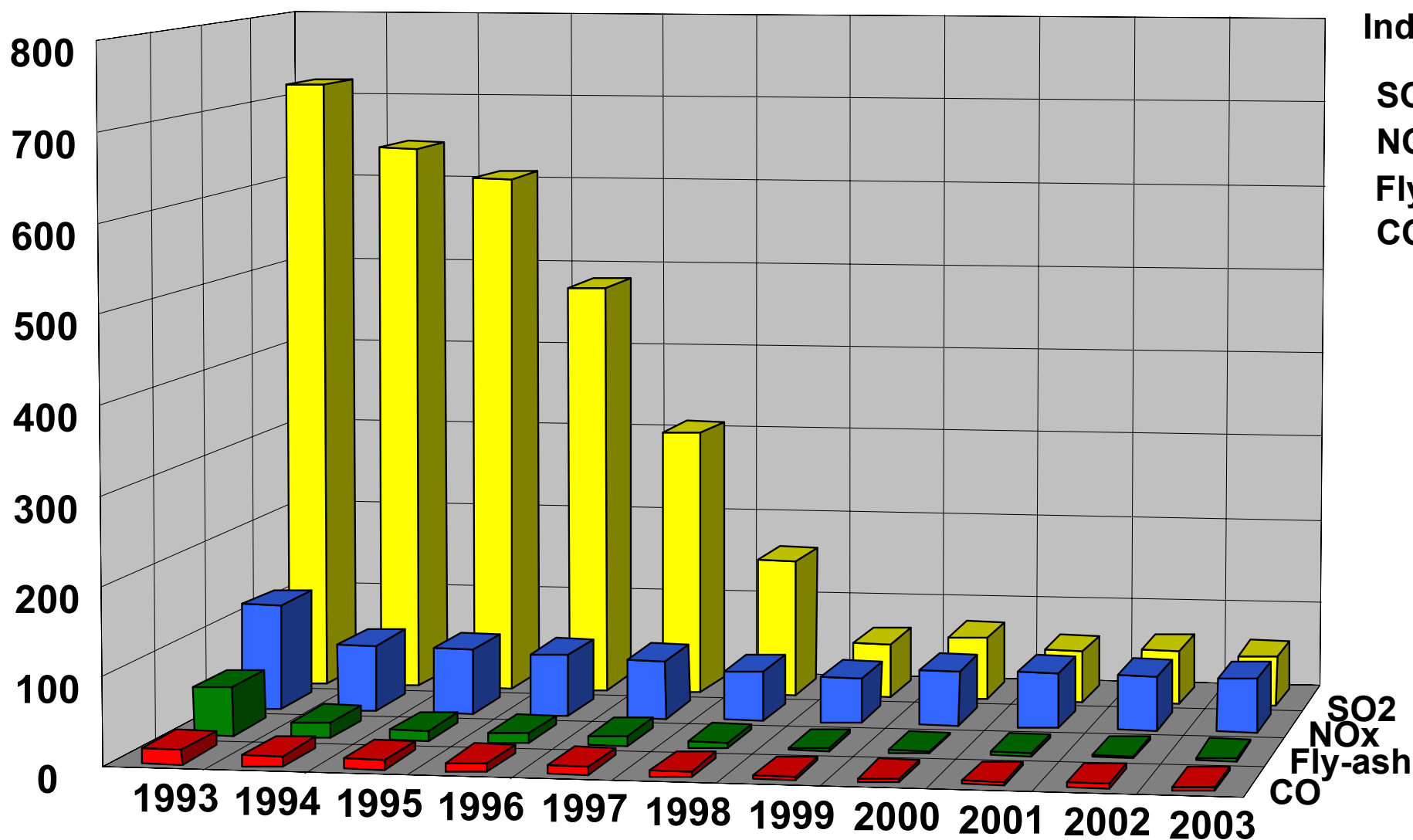


NAME IN ORANGE LETTERS = OWNED BY ČEZ, a. s.

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

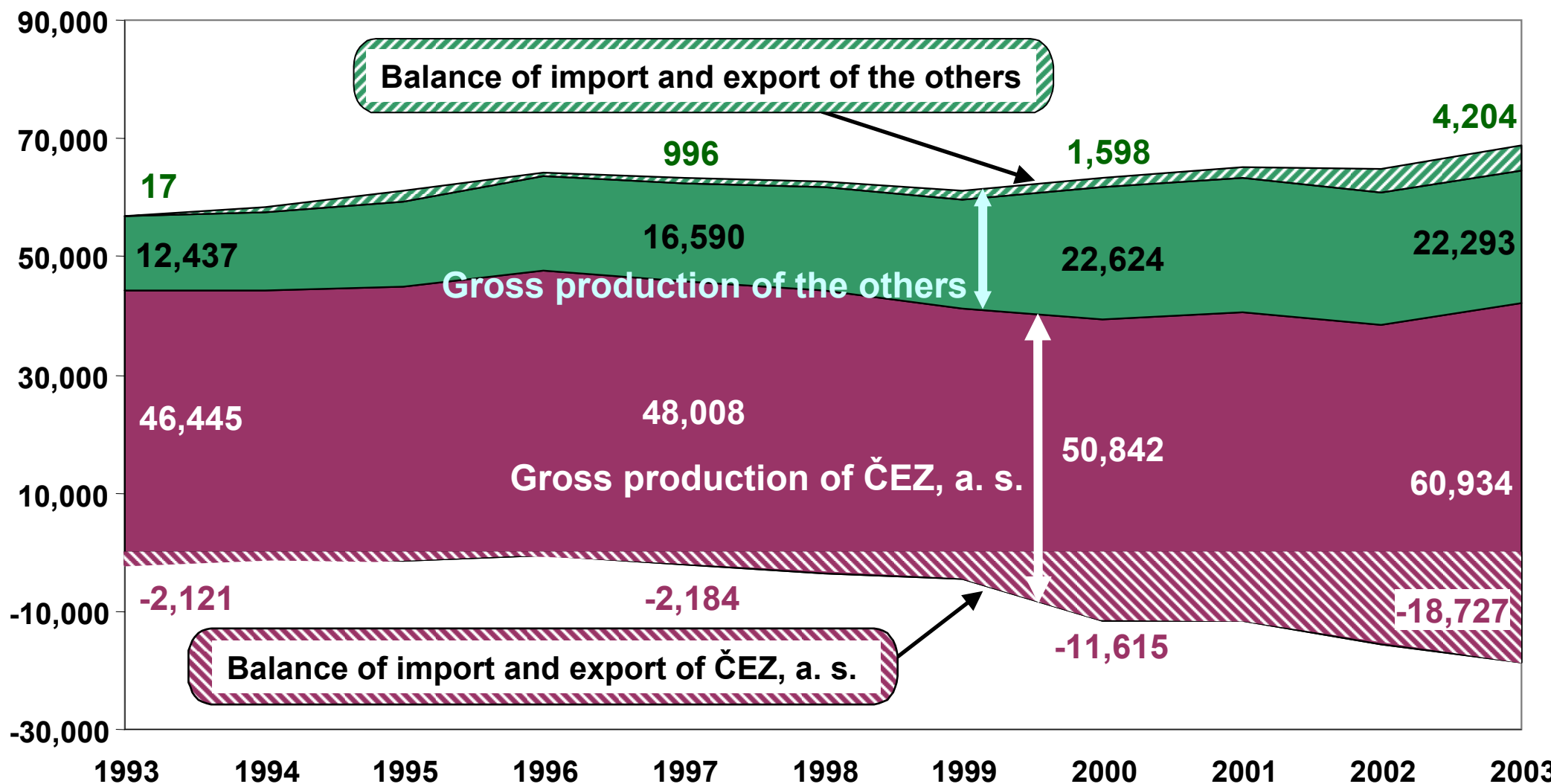


# ČEZ Group's Coal-fired Power Plants Emissions

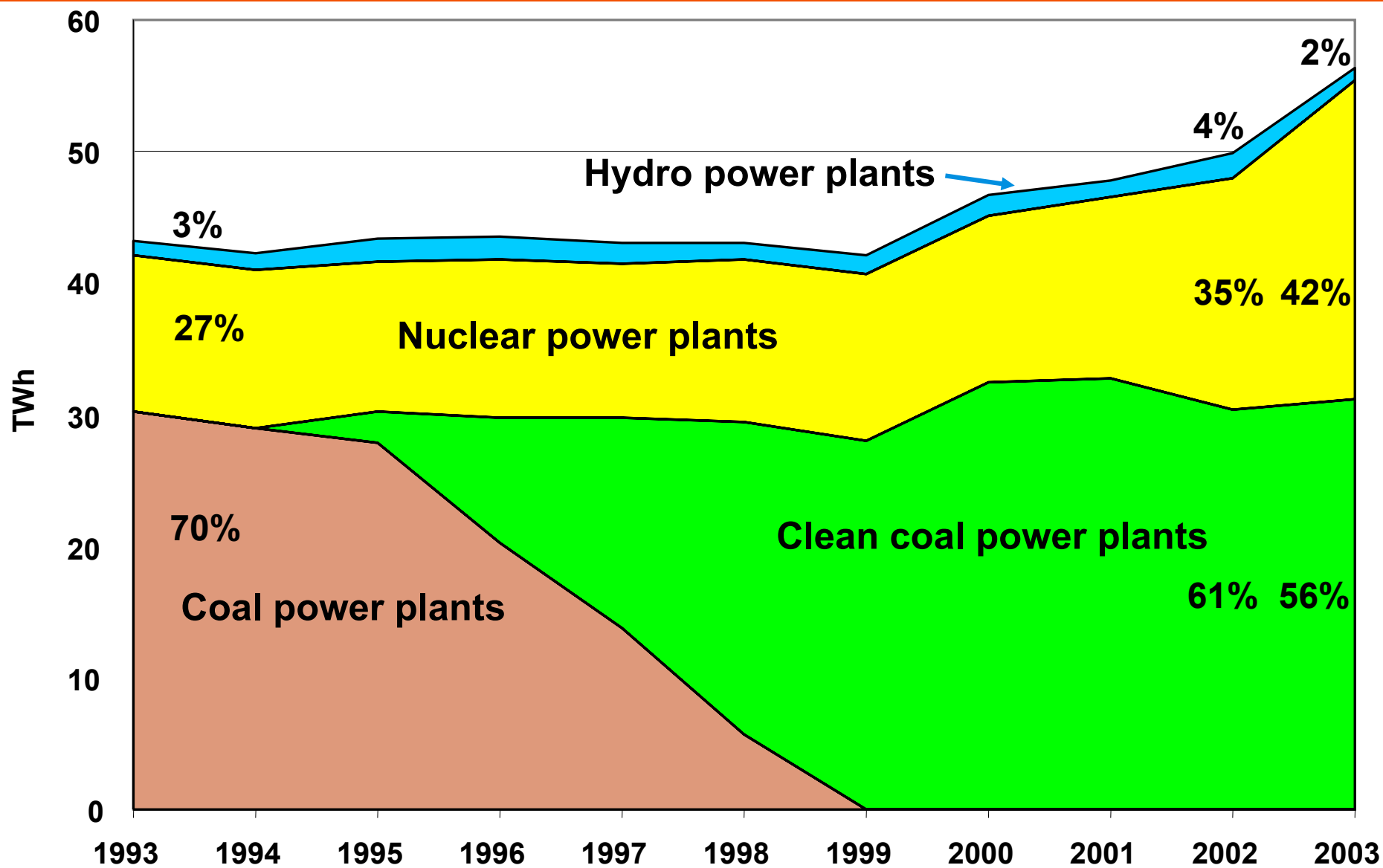




# Balance of Electricity in the Czech Republic

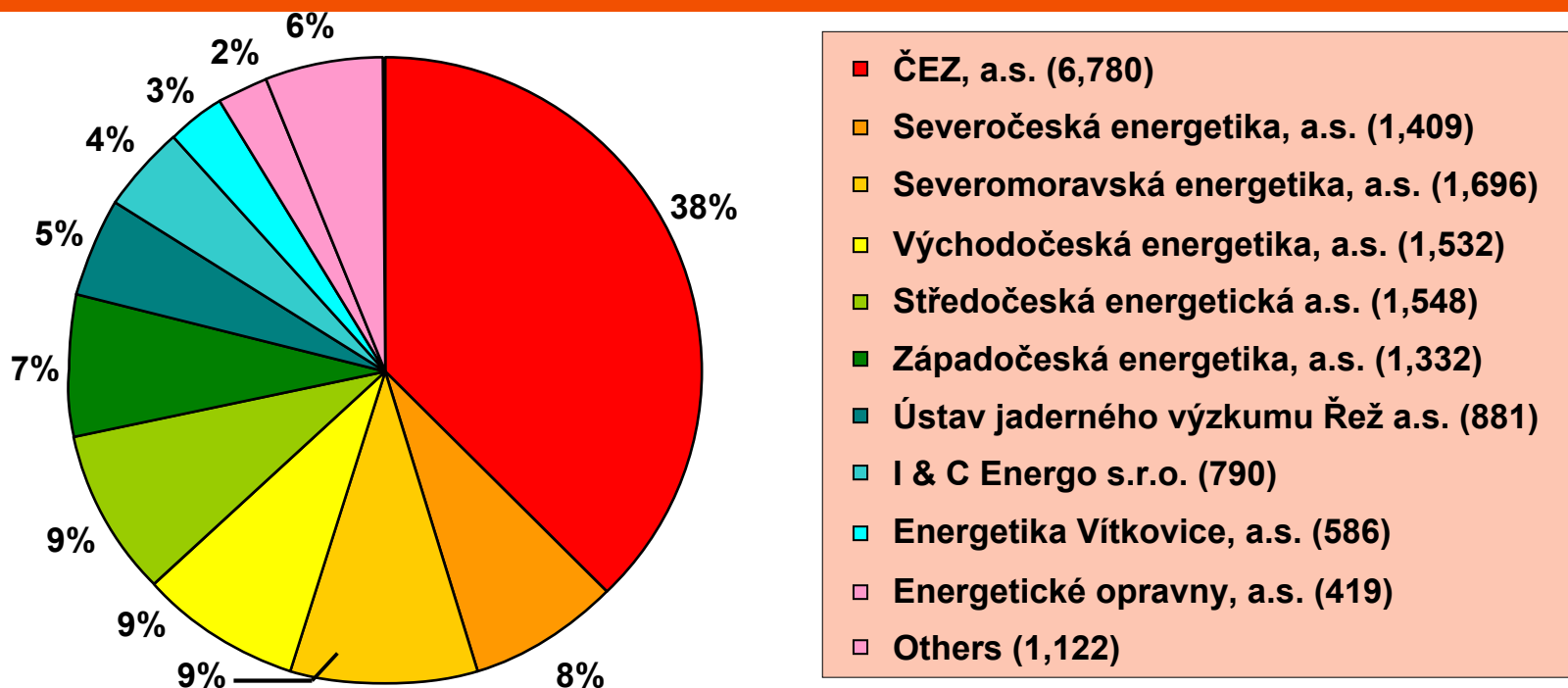


# ČEZ Group Electricity Supply Structure



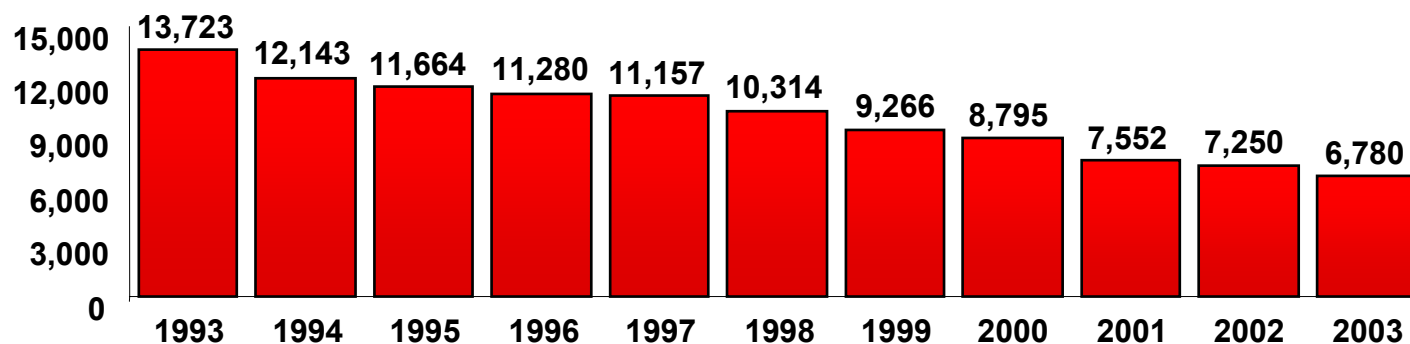


# ČEZ Group's Employees as of 31 December 2003

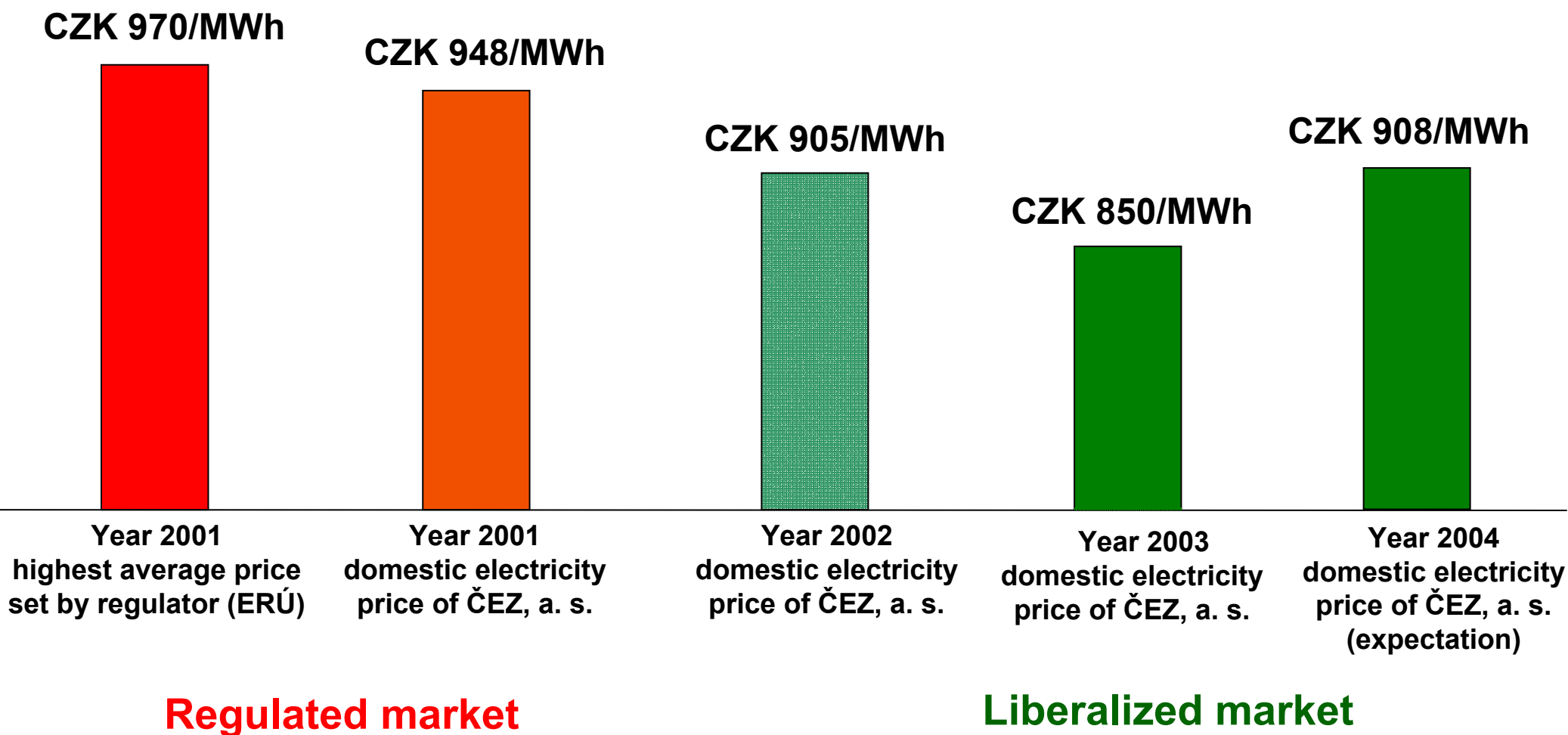


**ČEZ Group**  
**(18,100 employees)**

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



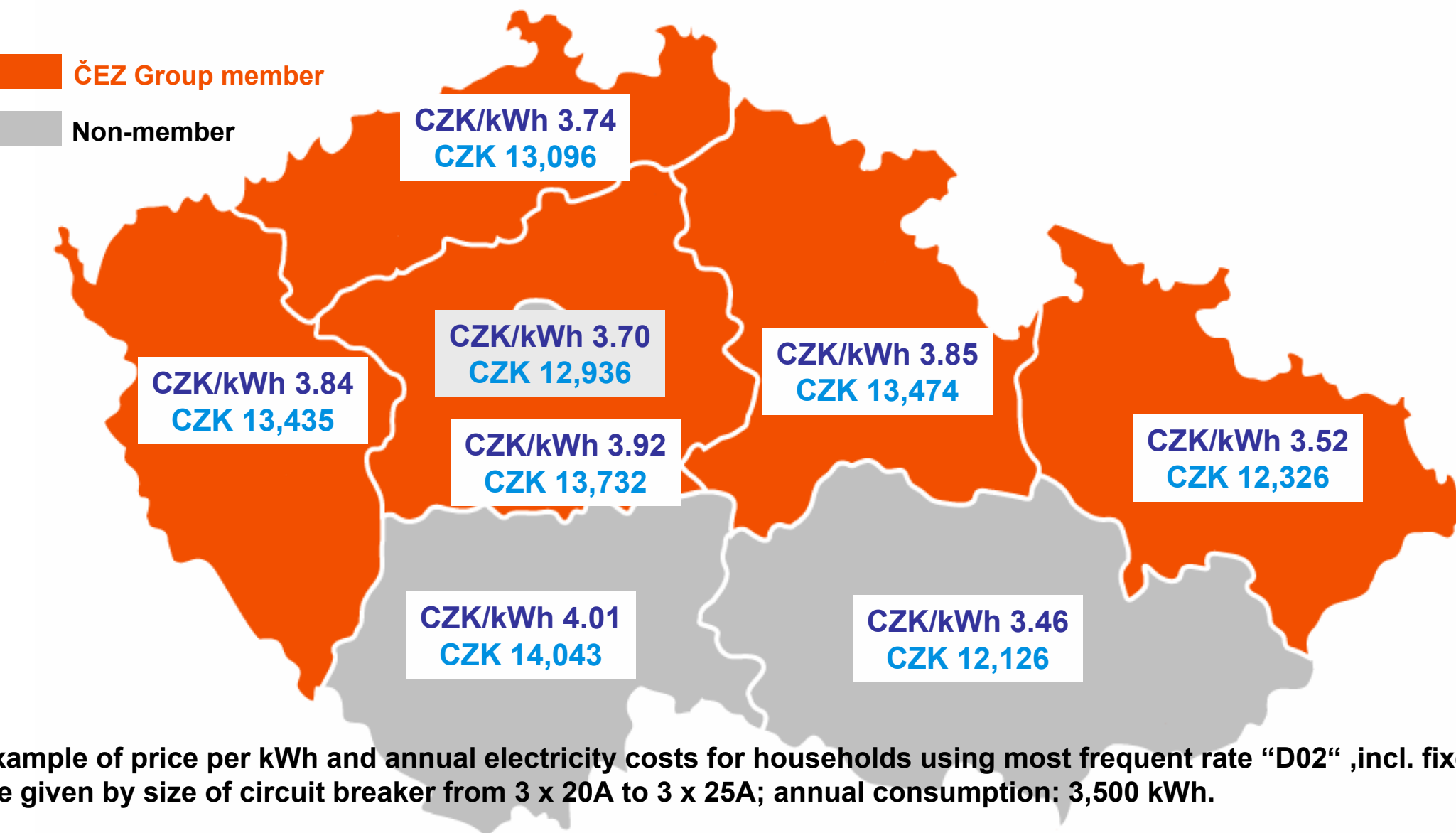
# Czech Wholesale Prices' Development







# Current Prices of Electricity for Households

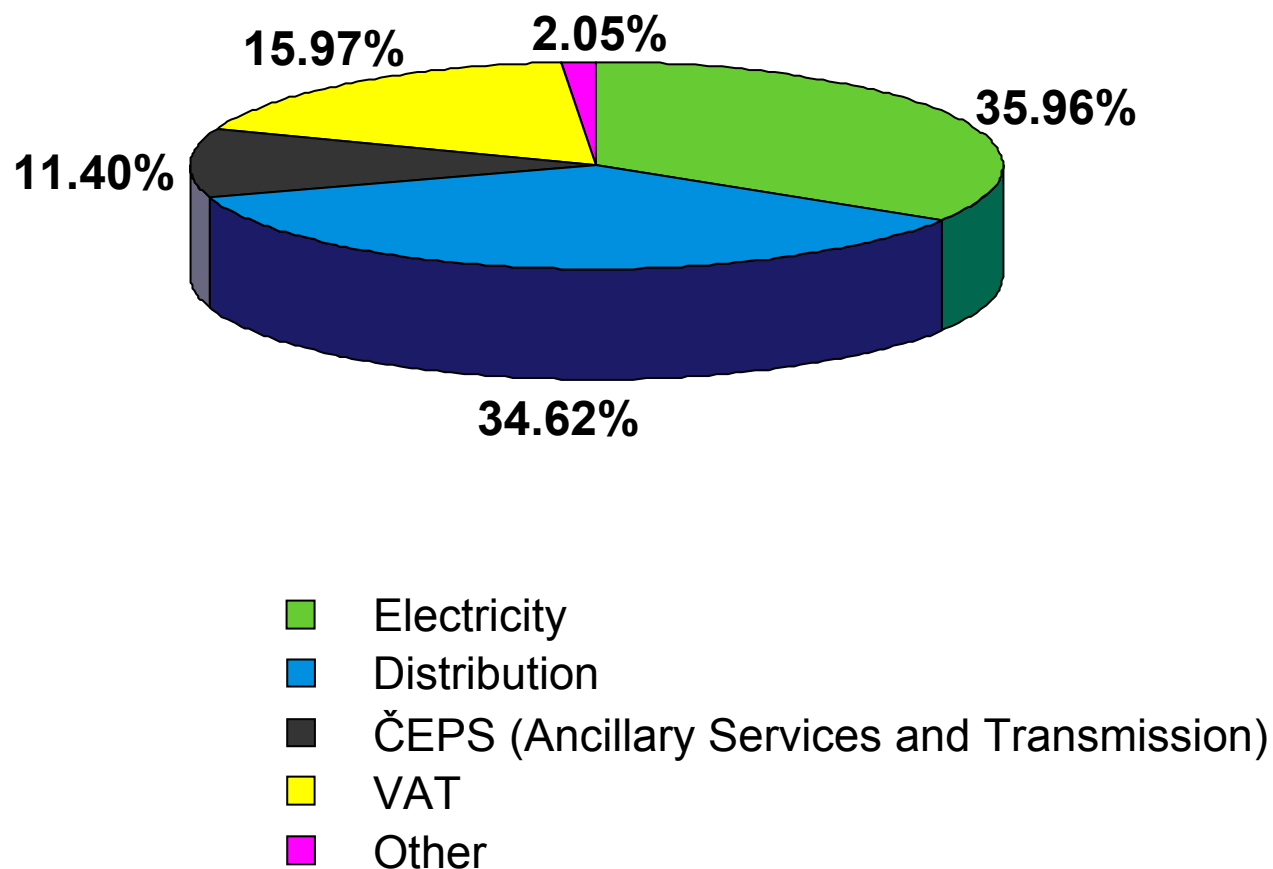


Prices valid effective 1<sup>st</sup> January 2004, taxes included

9\_4 26.2.20



# Components of Average LV Electricity Price

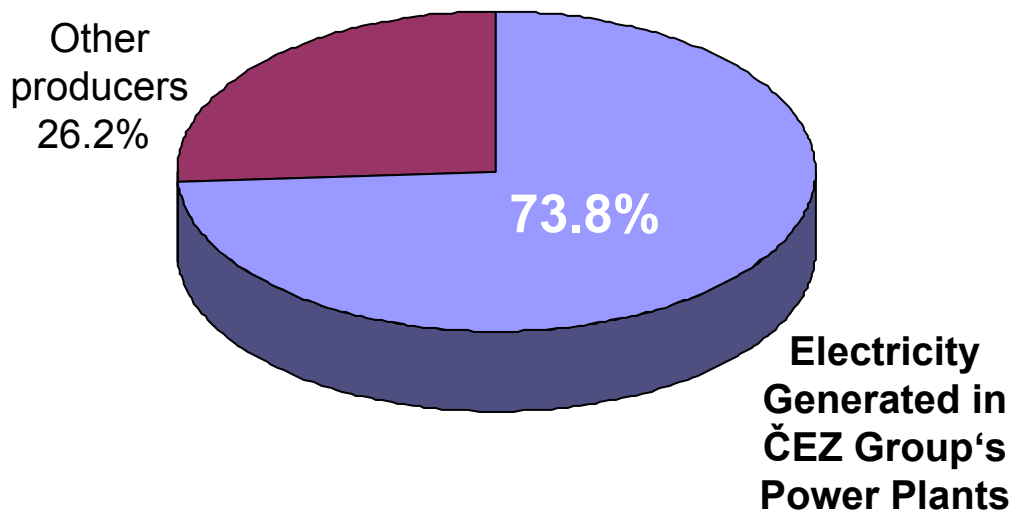


This slide expresses price for protected customers - both small businesses and households – for year 2004.

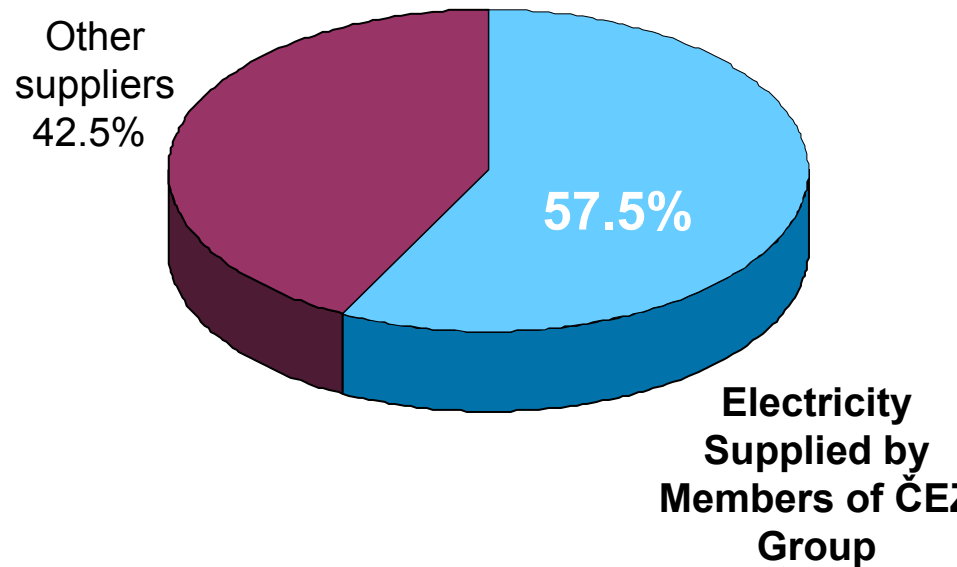


# Position of ČEZ Group in the Czech Power Market in 2003

**ČEZ Group's Gross Electricity Production Share**



**ČEZ Group's Final Consumption Share**





# ČEZ's "Duhová energie" Product Offer for 2004

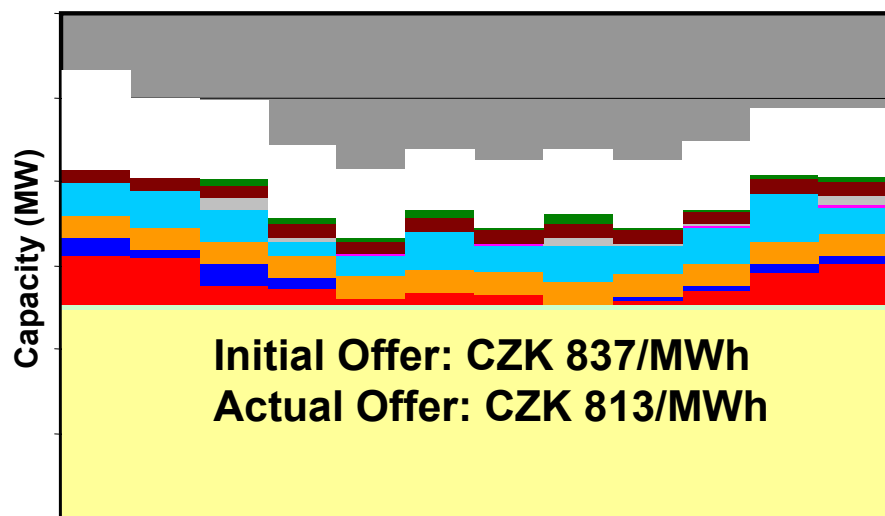


- ČEZ, a. s. has started to sell its set of products for 2004 in September 2003. This set is called "Duhová energie" and consists of 15 products.
- The set consists of 10 standard products (whole year supply) and 4 additional modifications of existing products that represent different type of electricity supply during various long time periods (identified by color) and 1 product enables variable supply of electricity within a week.
- Whatever combination of these products is possible. It complies fully with customer's needs.
- Publicly offered to REAS, traders and eligible customers.
- Long peek (6 – 22 on working days) offer is newly introduced.



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

Full year 2004

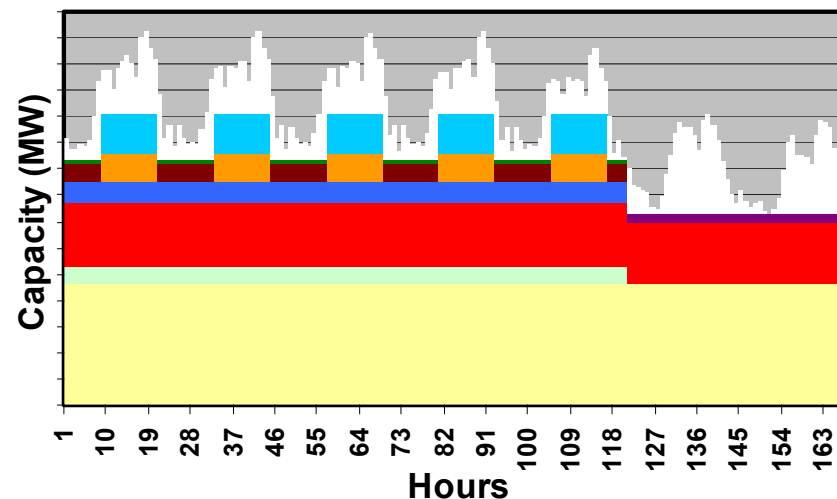


year = 8,784 hours

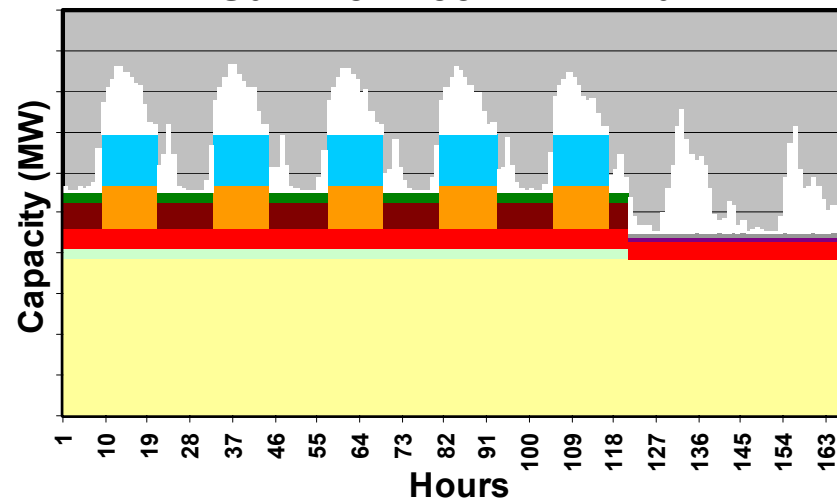
- residual
- monthly 5 days peak
- annual 5 days peak
- monthly 5 days base load
- monthly 7 days base load
- annual 5 days base load
- annual 7 days base load
- monthly 5 days off-peak
- annual 5 days off-peak
- monthly weekdays base load
- annual weekdays base load

+ four new modifications of existing products

Winter week - maximum



Summer week - minimum

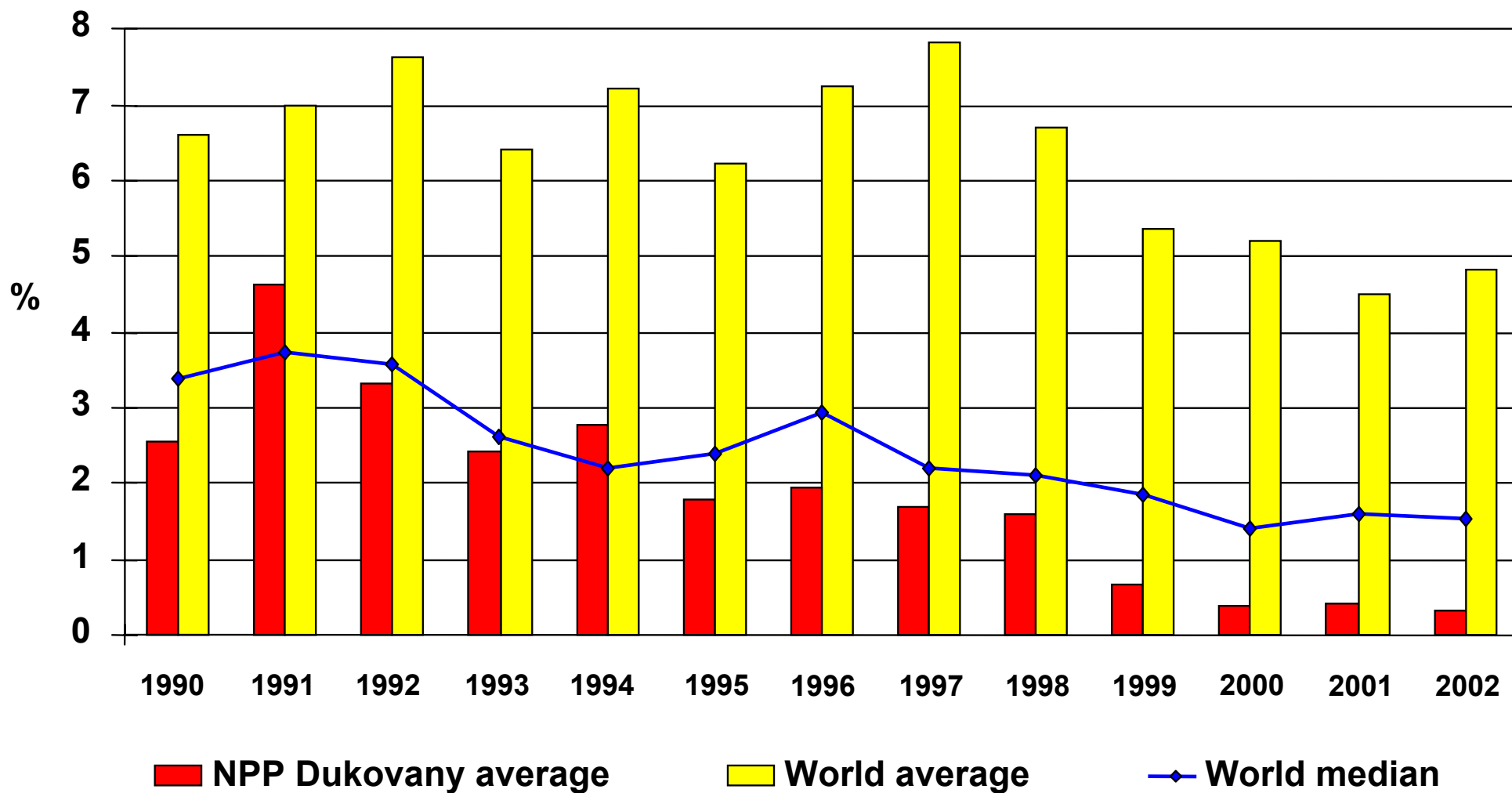


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- **Nuclear Power**
- Operational and Financial Results

- **Type of reactor**      **PWR - pressurized water reactor, as majority of reactor types around the world**
- **Basic description**      **Based on the original Russian technical design with many improvements to achieve higher operational safety, e. g.:**
  - new instrumentation and control system
  - new monitoring system (incl. radiation monitoring)
  - new cabling (non-flammable and fire-resistant)
  - modification of the electric components
  - new accident analysis
  - new safeguard system
- **Total investment costs**      **USD 3 bn - very competitive amount**
- **Installed Capacity**      **2 x 1,000 MW**
- **Commercial operation**      ● **1<sup>st</sup> Unit since June 2002**  
   ● **2<sup>nd</sup> Unit since April 2003**
- **Electricity Generation in 2003**      **12,119 GWh**

# NPP Dukovany - Performance Results

## Unplanned Capability Loss Factor



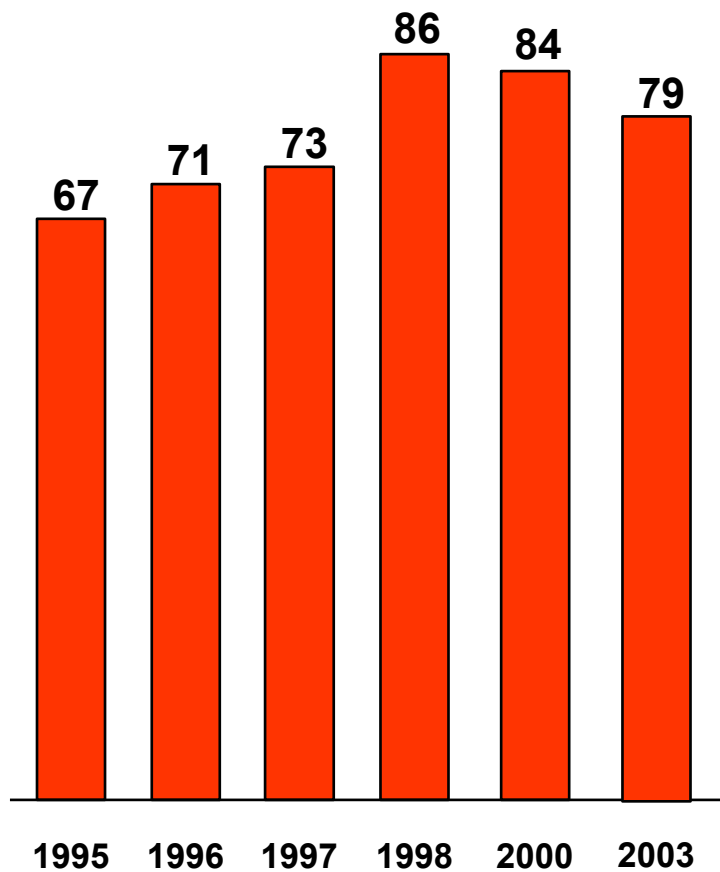
This factor expresses share of unplanned losses to achievable production. NPP Dukovany belongs to world's peak.





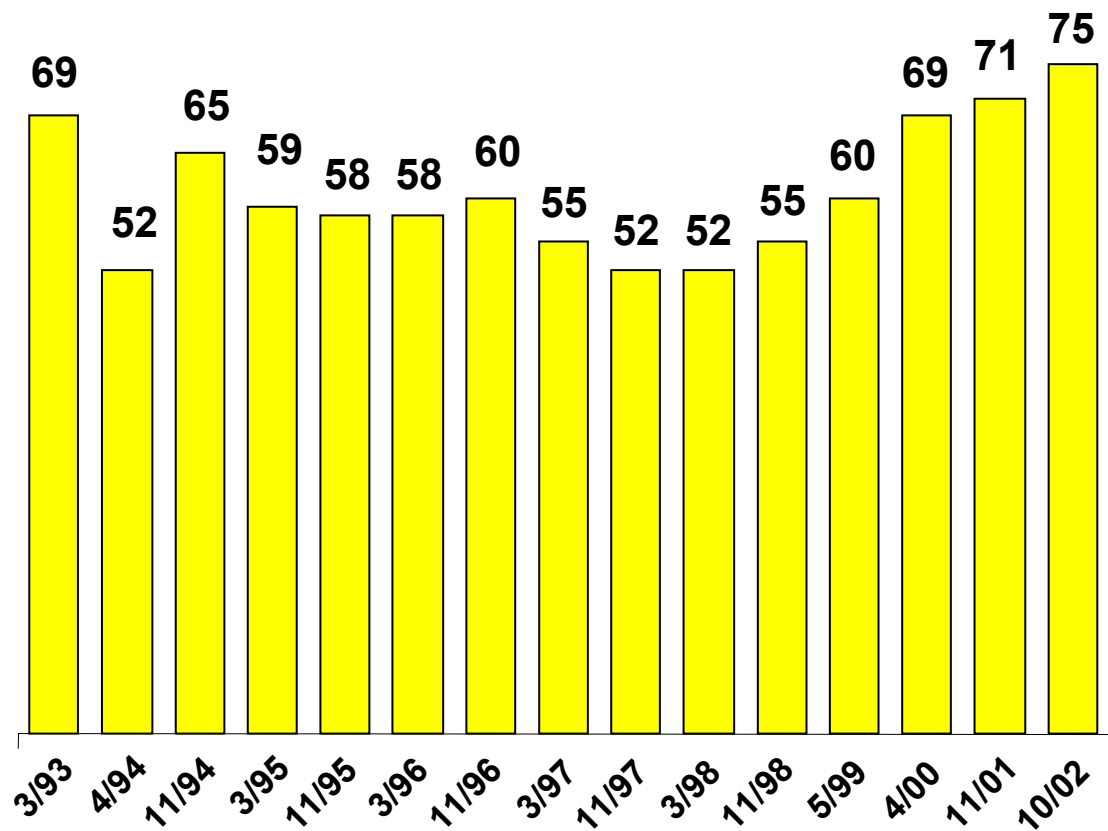
# Public Opinion Research about Nuclear Power Plants (%)

## NPP Dukovany



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

## NPP Temelín



Public approval of completion by STEM agency



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

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

# Nuclear Provisions (part 1)

**Decommissioning of nuclear power plants**  
**Final disposal of radioactive waste and spent fuel**  
**Interim storage of spent nuclear fuel**

## **Decommissioning of nuclear power plants:**

- Amended Atomic Energy Act from 2002 defines obligations to create accounting reserves for decommissioning of nuclear power plants in cash.
  - 1999 Temelín cost study - estimate CZK 11.1 bn, new study in 2004
  - updated 2002 Dukovany estimate CZK 16.2 bn
  - funds deposited on escrow accounts owned by ČEZ, a. s.
  - escrow accounts opened in August 2002
  - by the end of 2002 first funds deposited
  - use of funds only with the approval of the state authority
  - reserves created by the end of 2001 should be deposited by 2007 (CZK 3 bn)
- Balance of funds as of December 31, 2002: CZK 944 m  
Balance of funds as of December 31, 2003: CZK 1,245 m

# Nuclear Provisions (part 2)

## **Final disposal of radioactive waste and spent fuel:**

- contribution to the „nuclear account“ at the Czech National Bank, controlled by the state authority „RAWRA“
- contribution stated by a government resolution in 1997
- CZK 50 per MWh produced in nuclear power plants
- by 2002 regular payments based on average generation in NPP during last 5 years
- since 2003 payments based on the actual quantity of electricity generated in NPP

Cash expenditures for 2003: CZK 1,296 m

## **Interim Storage of Spent Nuclear Fuel:**

- expenditures represent mainly the purchase of interim fuel storage Casks

Cash expenditures for 2003: CZK 103 m

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- **Operational and Financial Results**



# Basic Data of ČEZ Group

	2000	2001	2002	2003	I. Q 2004
Capacity at end of period (MW)	10,146	10,146	11,146	12,297 *	12,297 *
Electricity sales (GWh)	50,449	50,850	53,174	69,005	18,141
Number of employees at end of period	9,278	8,011	7,677	18,100	18,214
Capital expenditures incl. financial investments in CZK bn **	21.35	15.71	10.42	23.94	2.50

\*/ ČEZ, a. s. 12,153 MW

\*\*/ Data is in accordance with IFRS

# Income Statement in Brief (CZK bn)

	2000	2001	2002	2003	I. Q 2004
Operating Revenues	52.43	56.06	55.58	84.82	27.67
Operating Expenses	39.71	41.38	44.32	77.32	19.39
Income before interest, taxes and depreciation (EBITDA)	22.10	24.04	22.98	25.11	12.86
Operating Income (EBIT)	12.72	14.68	11.25	7.50	8.28
Other Expenses/Income	2.12	1.39	-0.54	0.84	0.93
Income before income taxes (EBT)	10.60	13.29	11.80	6.66	7.35
Income Taxes	3.36	4.17	3.38	0.21	1.69
Net Income	7.24	9.12	8.42	5.93	5.25

Note: All data is in accordance with IFRS



## Balance Sheet in Brief (CZK bn)

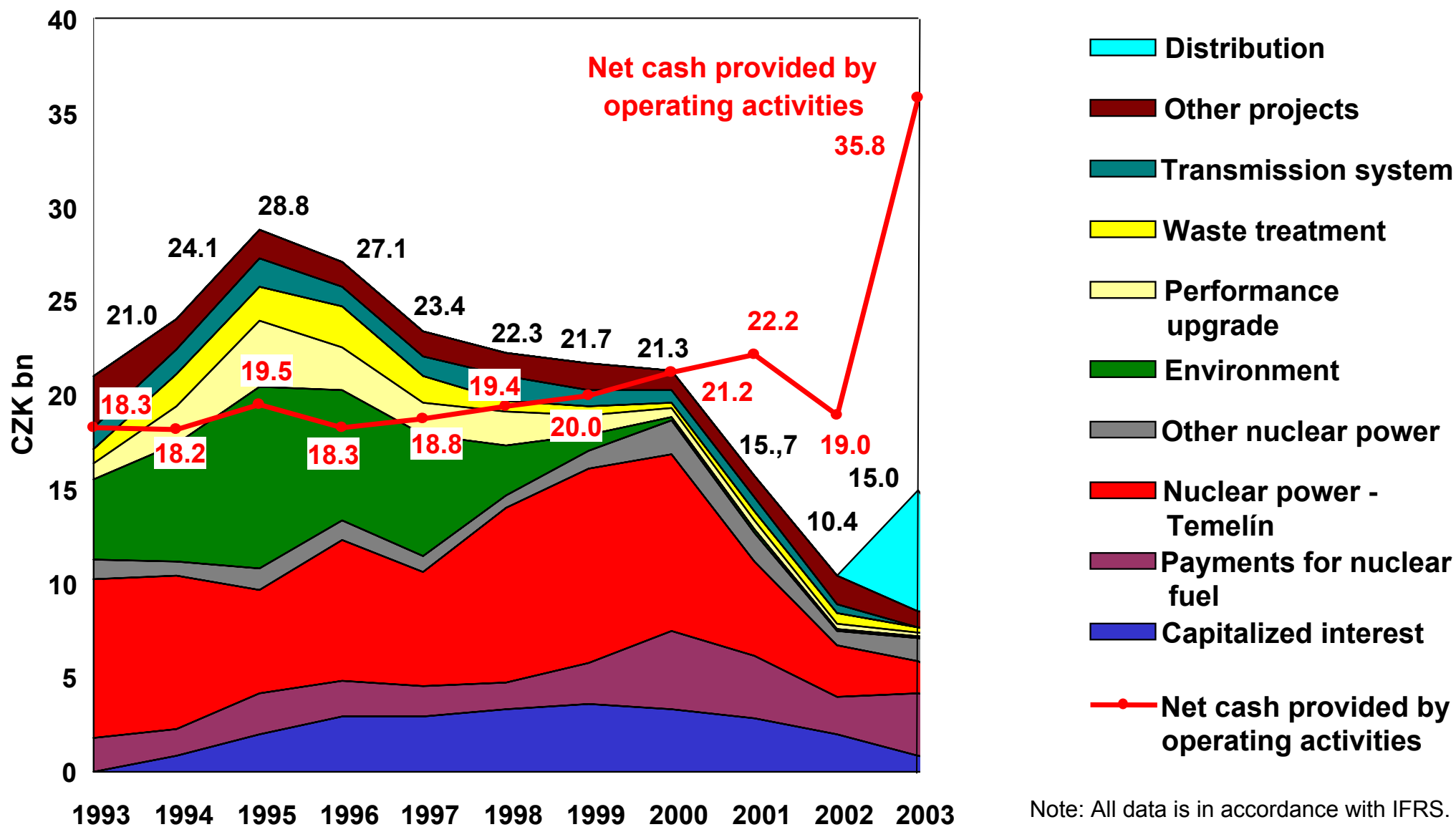
	2000	2001	2002	2003	I. Q 2004
<b>Total Assets</b>	<b>222.26</b>	<b>229.03</b>	<b>231.47</b>	<b>274.14</b>	<b>276.91</b>
<b>Net Plant in Service</b>	<b>92.95</b>	<b>87.64</b>	<b>138.98</b>	<b>212.74</b>	<b>209.21</b>
<b>Construction Work in Progress</b>	<b>103.59</b>	<b>111.93</b>	<b>56.51</b>	<b>10.20</b>	<b>10.69</b>
<b>Shareholders' Equity</b>	<b>129.44</b>	<b>136.73</b>	<b>143.68</b>	<b>149.69</b>	<b>155.43</b>
<b>Long-term Liabilities</b>	<b>70.61</b>	<b>64.48</b>	<b>59.60</b>	<b>59.49</b>	<b>59.91</b>
<b>Current Liabilities</b>	<b>14.16</b>	<b>17.95</b>	<b>15.65</b>	<b>42.36</b>	<b>36.88</b>

Note: All data is in accordance with IFRS



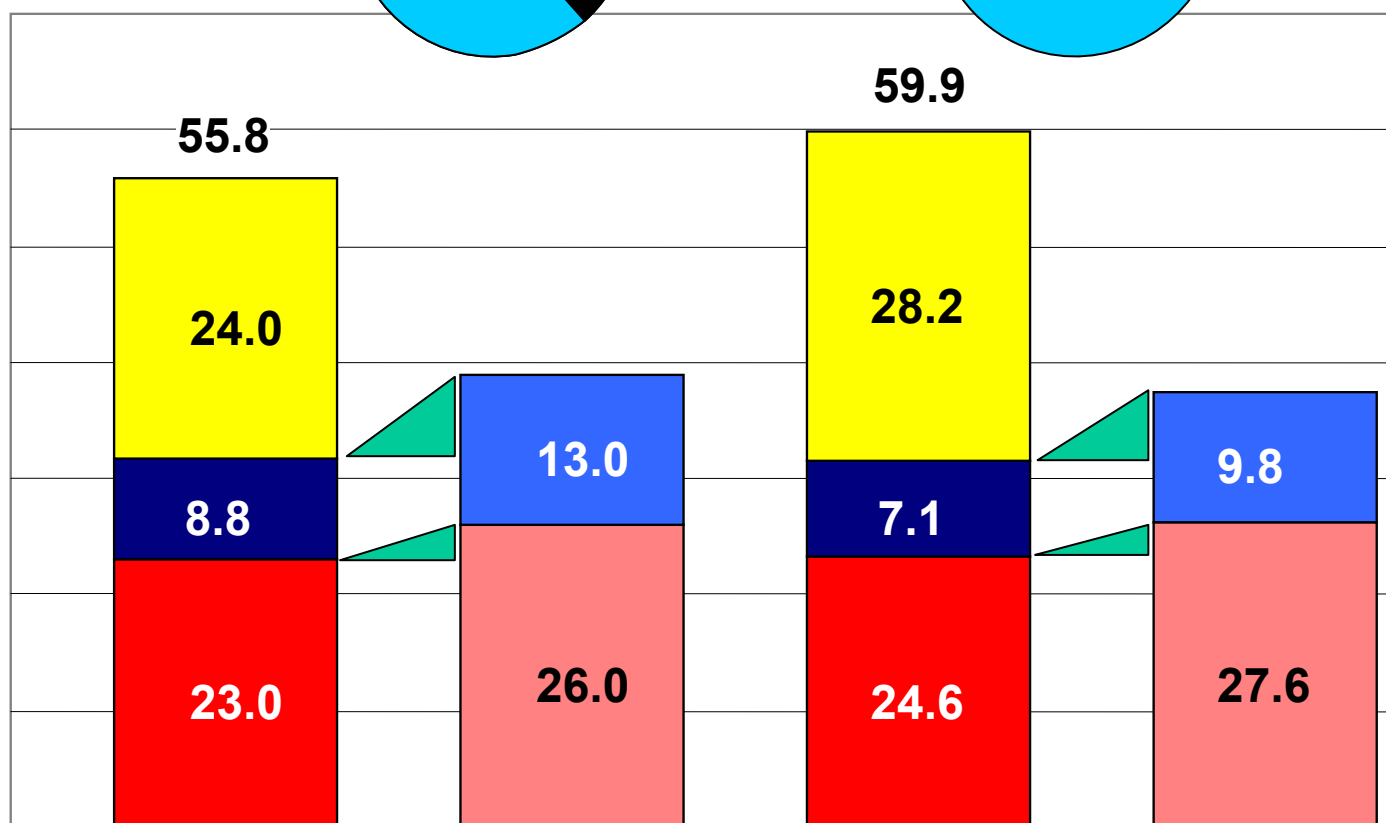
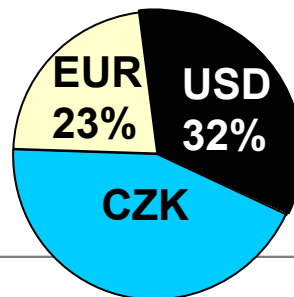
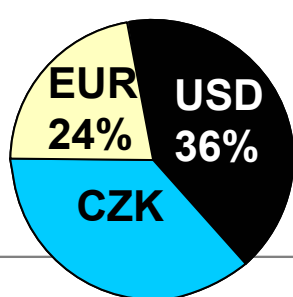


# Investment Program (without financial investments) and Internally Generated Cash Flow by ČEZ Group





# Development of Long-term Liabilities of ČEZ Group



- Bonds, total
- LT debt, total
- Bonds, net of current portion
- Other LT debt, net of current portion
- Accumulated provision for nuclear dec. and fuel storage
- Current portion of LT debt or bonds

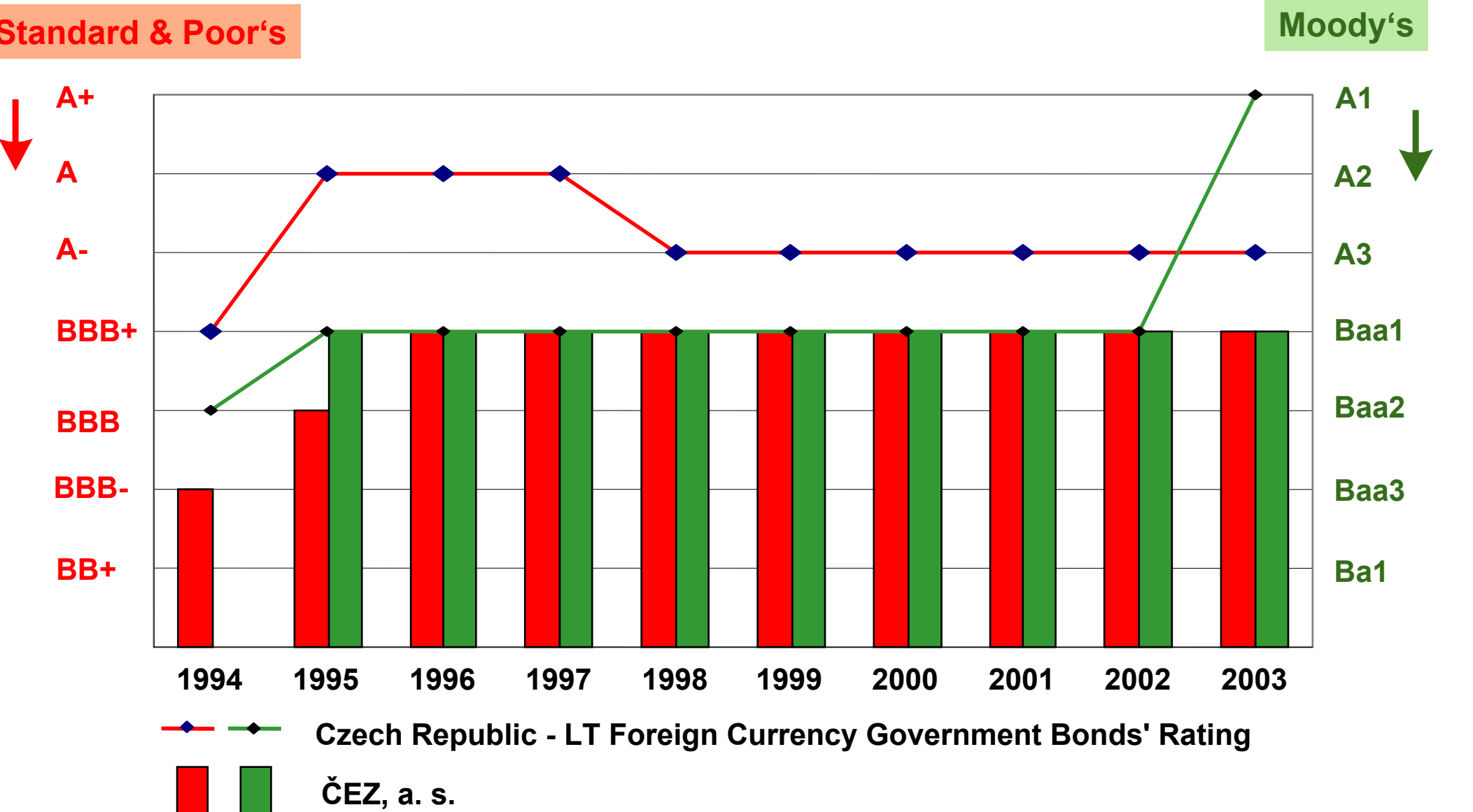
March 2003

March 2004

Note: All data is in accordance with IFRS



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





# ČEZ Group is a Leading Corporate Name in Emerging Europe

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



# What Do They Think of ČEZ ?

## FORBES

ČEZ belongs to World's leading companies list.

ČEZ is the 1125<sup>th</sup> biggest company in the world and the biggest in the Czech Republic.

## EUROMONEY

ČEZ's corporate governance is the best in the Czech Republic according to EUROMONEY journal.

## CZECH TOP 100

ČEZ is the 3<sup>rd</sup> most admired company in the Czech republic according to CZECH TOP 100 list.

## SIGNUM TEMPORIS

ČEZ ranks the 2<sup>nd</sup> place in information openness of Czech stock market participants.



# ČEZ Group Internet Presentation

Home Page of ČEZ, a. s.: [www.cez.cz/eng](http://www.cez.cz/eng)

Home Page of ČEZ Group: [www.skupina-cez.cz/eng](http://www.skupina-cez.cz/eng)

Product Information: [www.duhovaenergie.cz/eng](http://www.duhovaenergie.cz/eng)

