



CEZ GROUP



THE LEADER IN POWER
MARKETS OF CENTRAL
AND SOUTHEASTERN
EUROPE

Equity story
September 2005



DISCLAIMER

Certain statements in the following presentation regarding CEZ's business operations may constitute "forward looking statements." Such forward-looking statements include, but are not limited to, those related to future earnings, growth and financial and operating performance. Forward-looking statements are not intended to be a guarantee of future results, but instead constitute CEZ's current expectations based on reasonable assumptions. Forecasted financial information is based on certain material assumptions. These assumptions include, but are not limited to continued normal levels of operating performance and electricity demand at our distribution companies and operational performance at our generation businesses consistent with historical levels, as well as achievements of planned productivity improvements and incremental growth from investments at investment levels and rates of return consistent with prior experience. Actual results could differ materially from those projected in our forward-looking statements due to risks, uncertainties and other factors. CEZ undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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AGENDA

- **Summary for investors**
 - Introduction
 - Scope of operations
 - Financial performance
 - Strategic initiatives of CEZ Group
 - Integration and operational excellence
 - Plant portfolio renewal
 - M&A expansion



SUMMARY FOR INVESTORS

- The vision of CEZ is to become the leader in power markets in the Central and Southeastern Europe
- The largest Czech corporation and the largest corporation among 10 new EU member states
- The best performing European utility stock with growth at >300% in the last 18 months with wide international shareholders base
- Leading position in Central European power markets, 2nd biggest exporter of power in Europe
- Vertically integrated in the Czech Republic – from mining (45% market share) through generation (74%) to distribution (62%) and supply (58%)
- Distribution and supply in Bulgaria (42% market share) and Romania (17%)



CEZ GROUP PROVIDES SOME UNIQUE FEATURES FOR EQUITY INVESTORS

Key factors	Rationale
▪ Strong financial performance	▪ EBITDA margin 37% with growth potential
▪ Dynamic profit growth expected to continue	▪ Growing power prices and consumption, efficiency improvements and synergies
▪ Vertically integrated	▪ Stable performance once prices converge
▪ Robust balance sheet	▪ Lowest level of debt among large players and strong free cash flow
▪ Management fully focused on financial performance	▪ Group restructuring, aggressive performance targets
▪ Dividend growth by 50% in 5 years	▪ 41% pay out ratio in 2004
▪ Standard corporate governance practices	▪ Under scrutiny of equity brokers, institutional investors, financial advisors and rating agencies (S&P, Moody's)
▪ Exposure to attractive regions of 1 st and 2 nd EU convergence zone	▪ Central and Southeastern Europe



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CEZ GROUP IS AN INTERNATIONAL UTILITY WITH DOMINANT POSITION IN DOMESTIC MARKET AND GROWING PORTFOLIO IN THE BALKANS

■ Target markets

CEZ Group in the Czech Republic*

■ Electricity sales (TWh)	67.8
■ Market share (in CR cons.)	58%
■ Number of customers (million)	3.44
■ Market share	62%
■ Installed capacity (MW)	12,297
■ Market share	71%
■ Number of employees	17,855
■ Sales (EUR million)	3,339

CEZ Group in Romania** (51% share in EDC Oltenia)

■ Electricity sales (TWh)	6.8
■ Market share	13%
■ Number of customers (million)	1.36
■ Market share	17%
■ Installed capacity (MW)	0
■ Number of employees	3,027
■ Sales (EUR million)	340*

CEZ Group in Bulgaria* (67% shares in 3 EDCs)

■ Electricity sales (TWh)	7.7
■ Market share	41%
■ Number of customers (million)	1.9
■ Market share	42%
■ Installed capacity (MW)	0
■ Number of employees	4,905
■ Sales (EUR million)	376

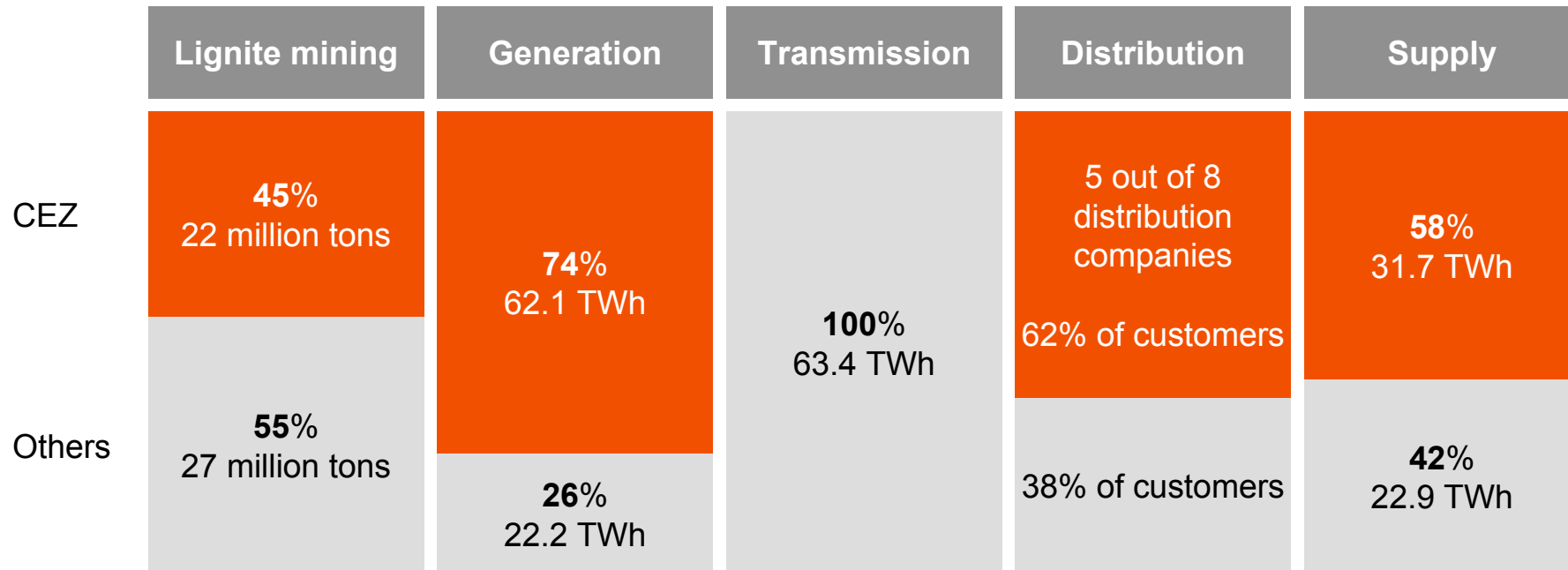
* Czech Republic and Bulgaria in accordance with IFRS, in 2004

** Romanian Accounting Standards, 2003

Note: Exchange rate CZK/EUR = 30



CEZ IS A DOMINANT PLAYER IN ALL SEGMENTS OF THE CZECH ELECTRICITY MARKET



- CEZ has 37% stake in the largest Czech mining company (SD)
- Currently in exclusive talks with the government to acquire its 56% stake in SD

- The Czech transmission grid is owned and operated by CEPS, 100% owned by the Czech state

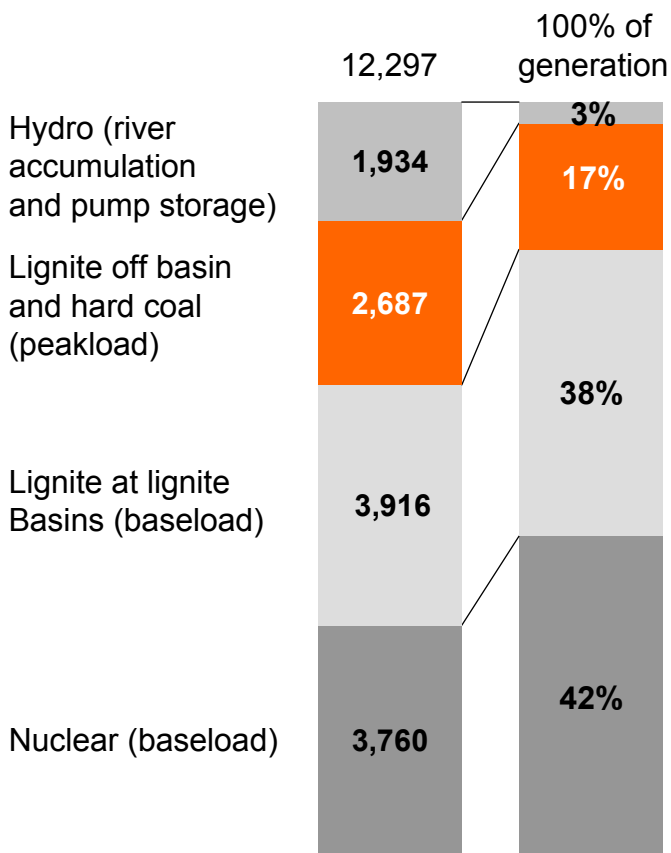


ZCE, SCE, STE,
VCE, SME

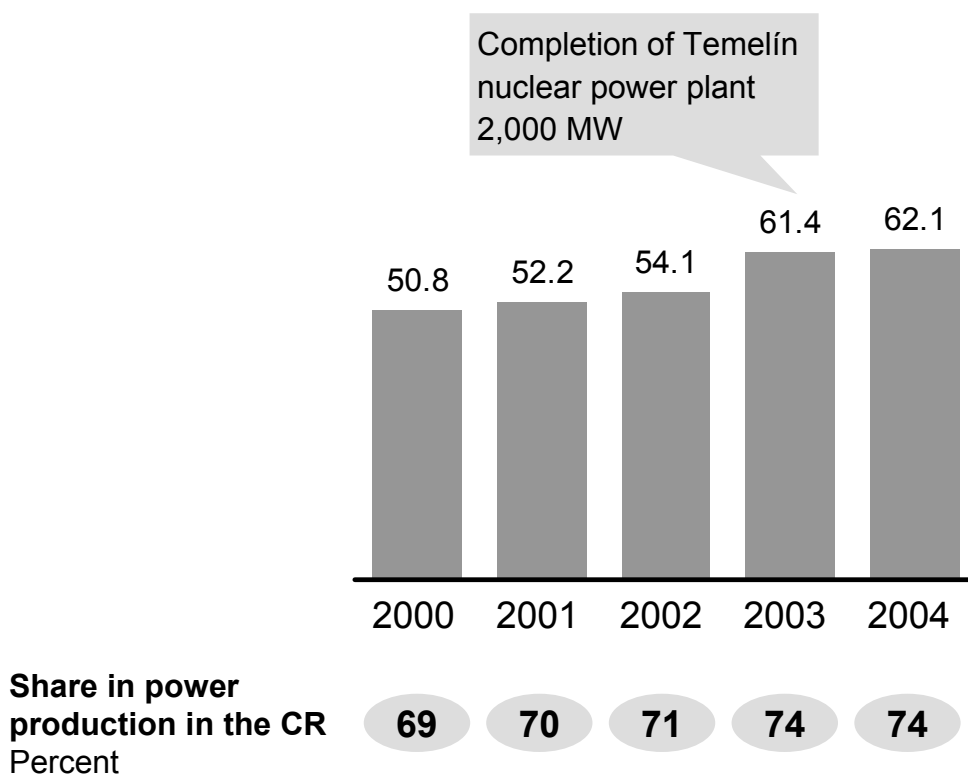


CEZ GROUP STEADILY INCREASES PRODUCTION

CEZ Group generation capacity MW



Annual production of CEZ Group TWh



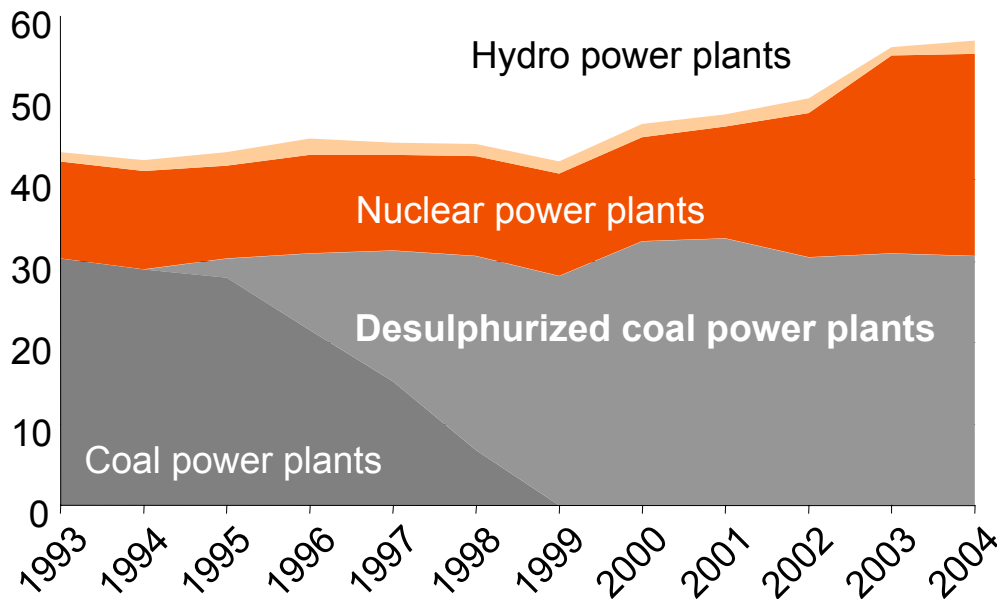
Share in power production in the CR Percent



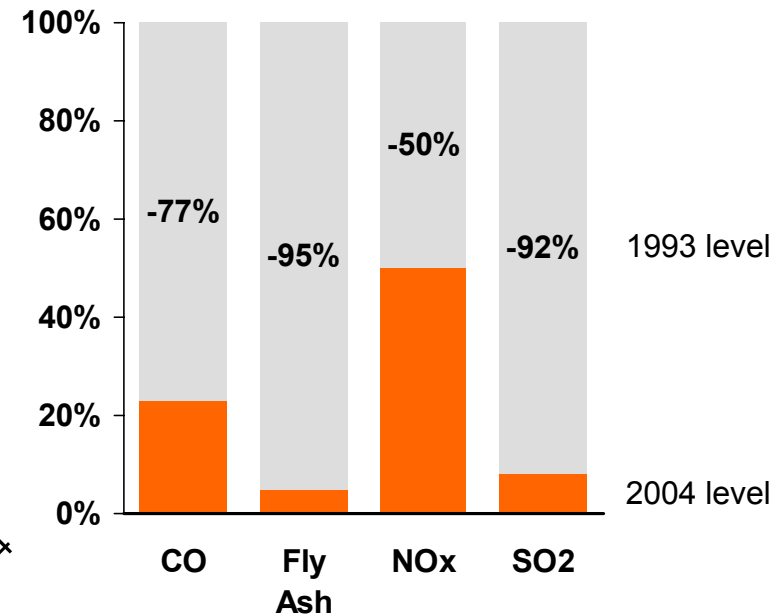


MAJOR INVESTMENT PROGRAM WAS FOCUSED ON EMISSION REDUCTION

Generation structure of CEZ Group
TWh



CEZ Group emission change 2003/1993
Percent

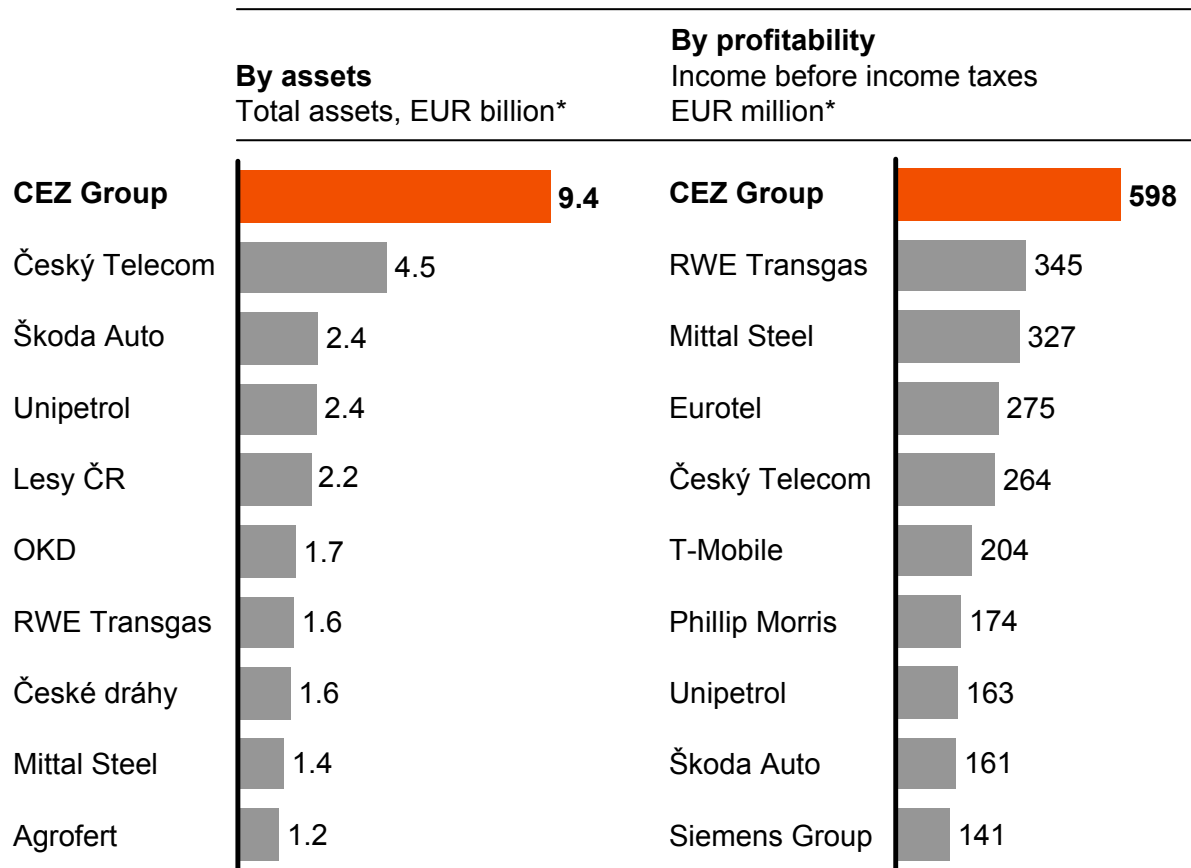


CEZ invested EUR 1.5 billion into desulphurization of its plants between 1993-99



CEZ GROUP IS THE LARGEST CZECH COMPANY BY ANY MEASURE

Top Czech companies in 2004

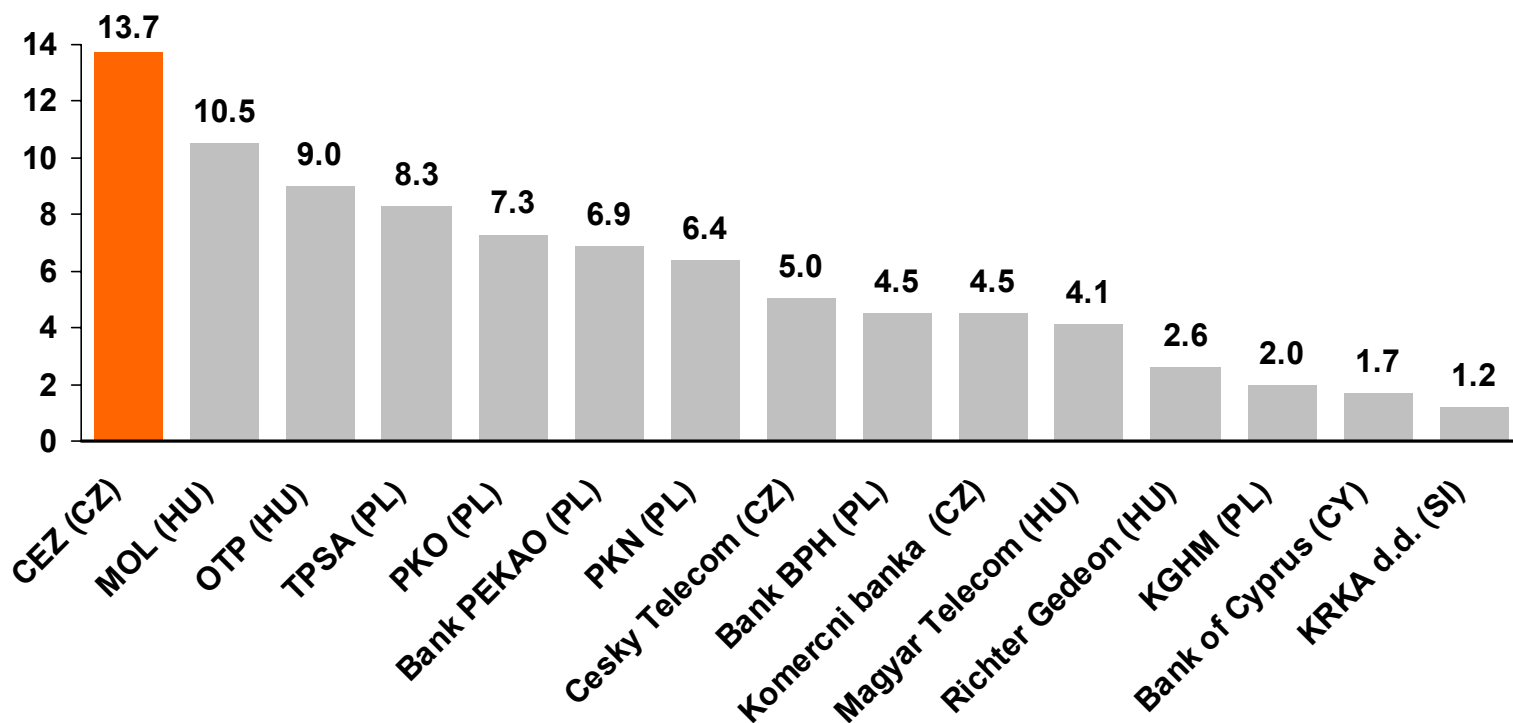


* Exchange rate CZK/EUR = 30



CEZ IS THE BIGGEST COMPANY IN NEW EU MEMBER STATES

Market capitalization of top 15 companies in 10 new EU member states*
EUR billion



* As of September 2, 2005; considering companies included in DJ STOXX EU Enlarged TMI Index



VISION OF THE CEZ GROUP IS TO BE THE LEADER IN POWER MARKETS IN CENTRAL AND SOUTHEASTERN EUROPE

Our vision
The leader
in power
markets in
the Central
and South-
eastern Europe

Business focus

- Integrated utility focused on power generation, distribution and supply
- Present in related businesses where relevant (coal mining, heat generation)

Priority initiatives

- **Czech Republic**
 - maintain strong hedged position
 - achieve operational excellence to be replicated across the group
 - renewal of plant portfolio
- **Central and South Eastern Europe**
 - build strong hedged position through acquisitions
 - integrate into the Group

Brand equity

- Czech champion on the international energy markets



NEW MANAGEMENT TEAM IS DETERMINED TO FULFILL THE MISSION

Management Board of CEZ, a. s.

Trade



Alan Svoboda

Finance



Petr Vobořil

CEO



Martin Roman

Generation



Jiří Borovec

Operations



Radomír Lašák

Responsibility

- Trading
- Sales and marketing
- Customer services
- Market rules

- Treasury
- Accounting
- Planning/controlling
- ICT

- M&A
- Procurement

- Conventional generation
- Nuclear generation
- New projects

- Distribution
- Equity participations
- HR
- Integration office

Credentials

- Partner in McKinsey & Company responsible for energy sector
- CFO in regional power distributor

- Top management positions in CEZ, including CEO and CFO

- CEO of Škoda holding in Plzeň
- CEO of US-owned Janka Lennox

- CEO of Škoda Nuclear division
- CEO ABB Service Czech Republic

- CEO of E-banka
- Board member of Komerční banka



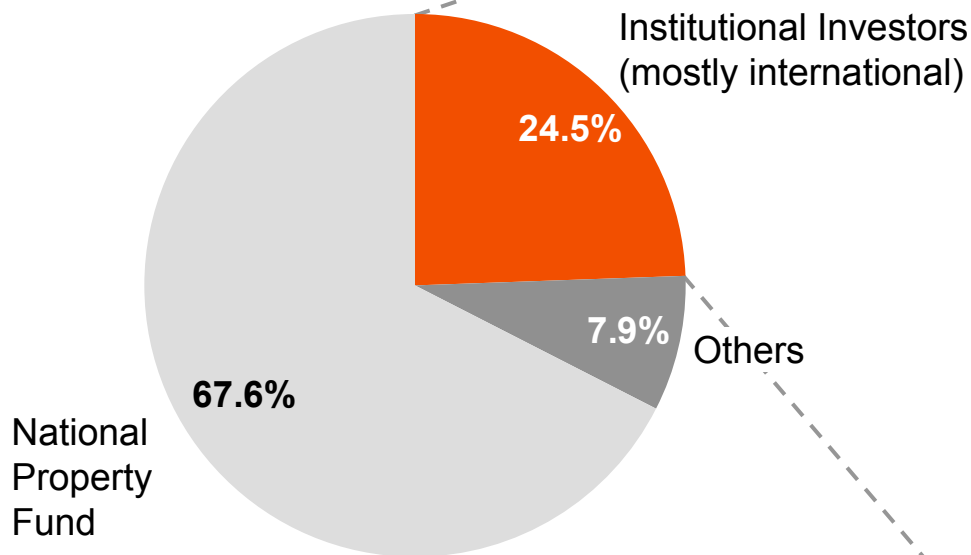
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CEZ GROUP ATTRACTED MANY INTERNATIONAL SHAREHOLDERS

Shareholders of CEZ, a. s.
As of December 31, 2004



Government stake unlikely to be reduced in near future

Types of funds investing in CEZ shares

- Emerging markets
- Hedge
- Utilities
- Growth strategies

Examples of large foreign investors

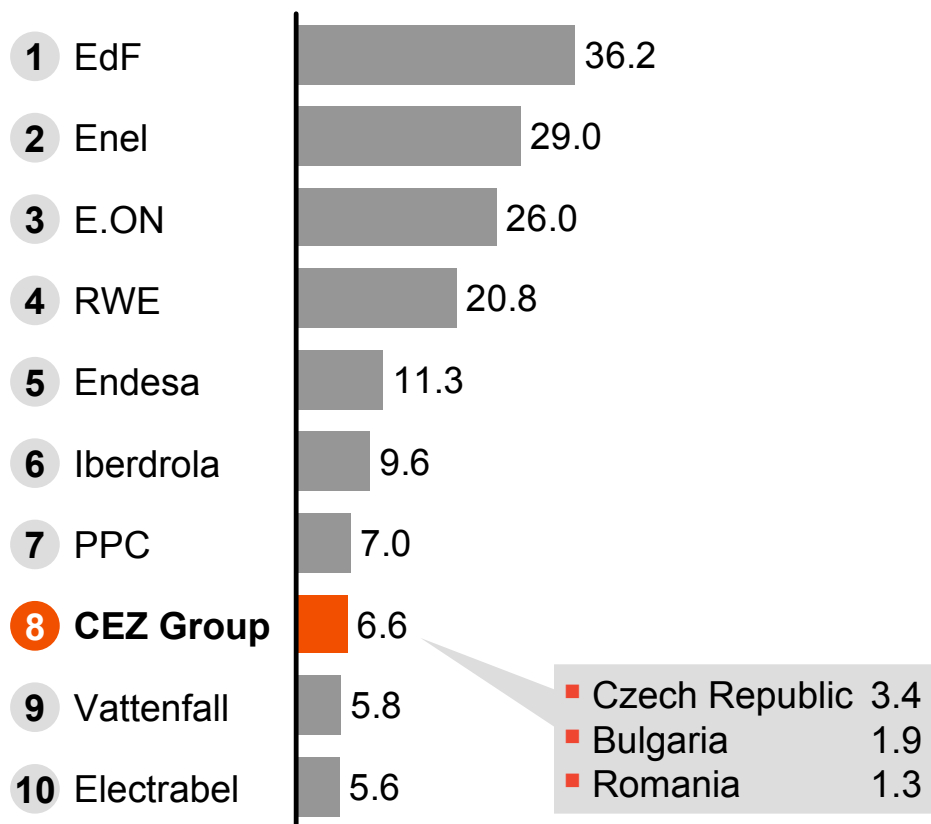
- Baring Asset Management
- Merrill Lynch
- US Global Investors
- ABN Amro
- Texas Teacher Retirement System
- Credit Suisse
- Pioneer
- Pictet Asset Management
- Parvest
- Fidelity Management



CEZ IS AMONG TOP 10 EUROPEAN POWER UTILITIES

Top 10 European power utilities

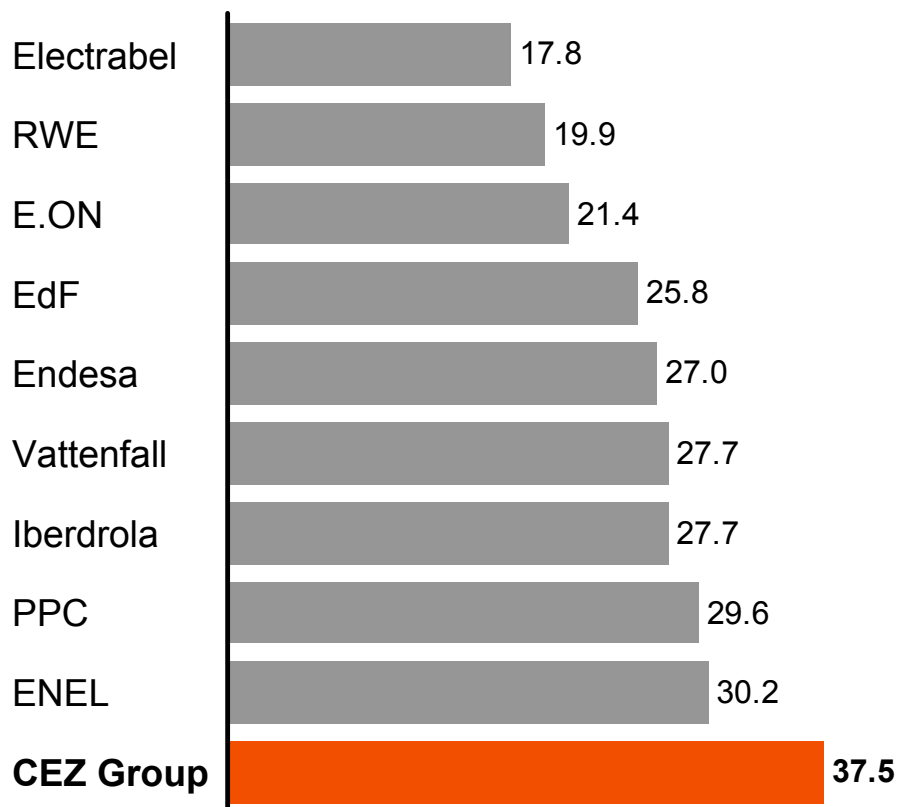
Number of customers in Europe, million





CEZ GROUP IS ONE OF THE MOST PROFITABLE UTILITIES IN EUROPE AND WILL REMAIN SO

EBITDA margin, 2004
Percent



CEZ Group has advantageous low cost generation portfolio

■ Lignite

- Long term fuel contract till 2050 for >90% of consumption
- Prices change as fraction of electricity price and inflation changes
- Volume secured for both current and new/refurbished plants

■ Nuclear

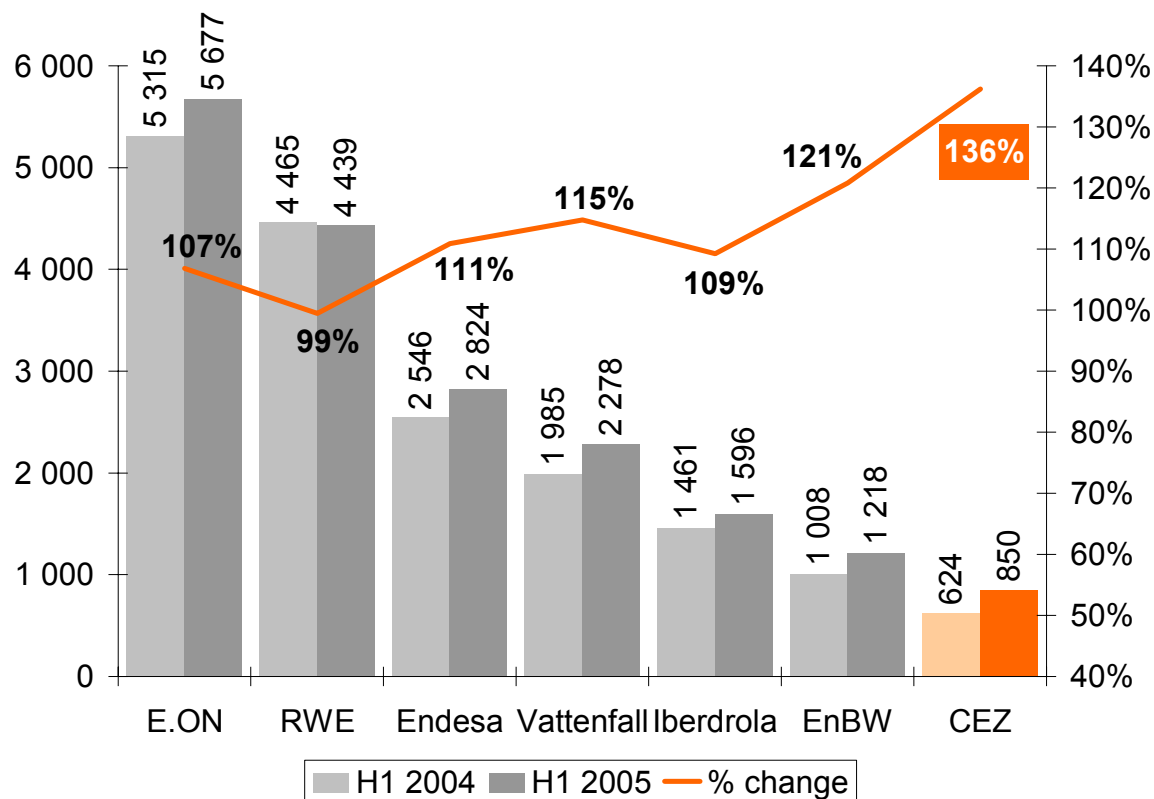
- Operations approved till 2027 (Dukovany) and 2042 (Temelin)
- Further extension technically feasible and likely to be granted
- Increased capacity of Dukovany (~5% or 80 MW) and Temelin (~5% or 100 MW) after turbine rotor upgrade



H1 2005 DEVELOPMENT CONFIRMS CONTINUED GROWTH DYNAMICS

EBITDA Development of CEZ and its peers

EUR million

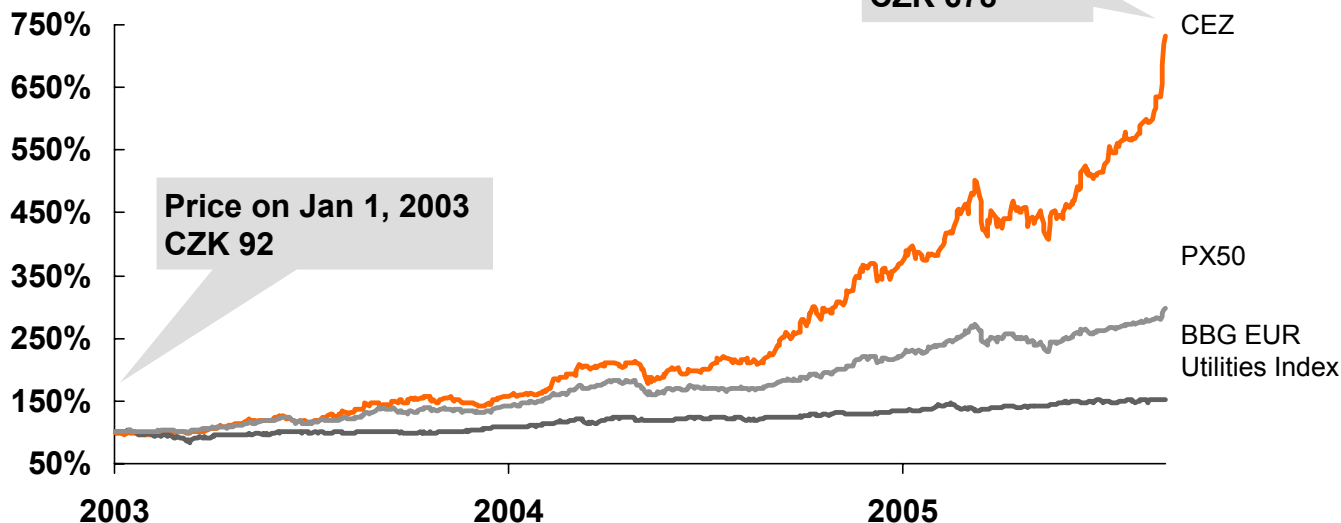




CEZ STOCK HAS SIGNIFICANTLY OUT-PERFORMED THE CZECH MARKET AS WELL AS EUROPEAN UTILITY

Prices of shares and share indexes*

Percent



CEZ shares are among the most liquid on the Prague Stock Exchange

Average daily volume in Q2 2005

- CZK 1.1 billion
- 2.6 million pieces
- 0.4% of total shares
- 1.4% of the free float

CEZ shares are part of the following main indices

- PX50, PX D – Prague Stock Exchange
- CTX – Wiener Borse
- CETOP 20 – Budapest Exchange
- STOXX EU Enlarged – Dow Jones

* Indexed to Jan 1, 2002

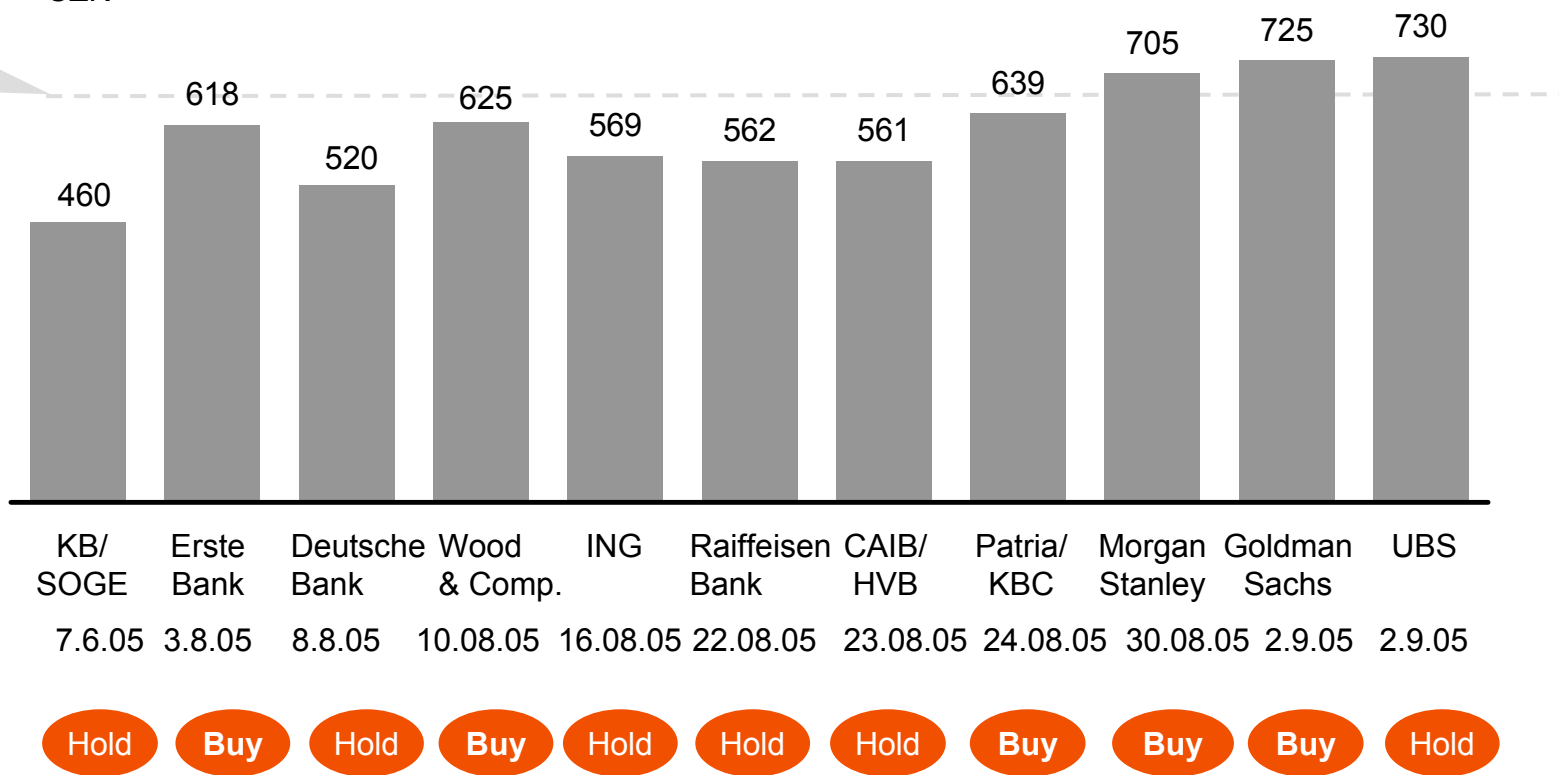
** As of September 2, 2005



ANALYSTS MAINTAIN POSITIVE VIEW ON CEZ GROUP PERFORMANCE

Target share price
CZK

Current share
price CZK 678*



* September 2, 2005

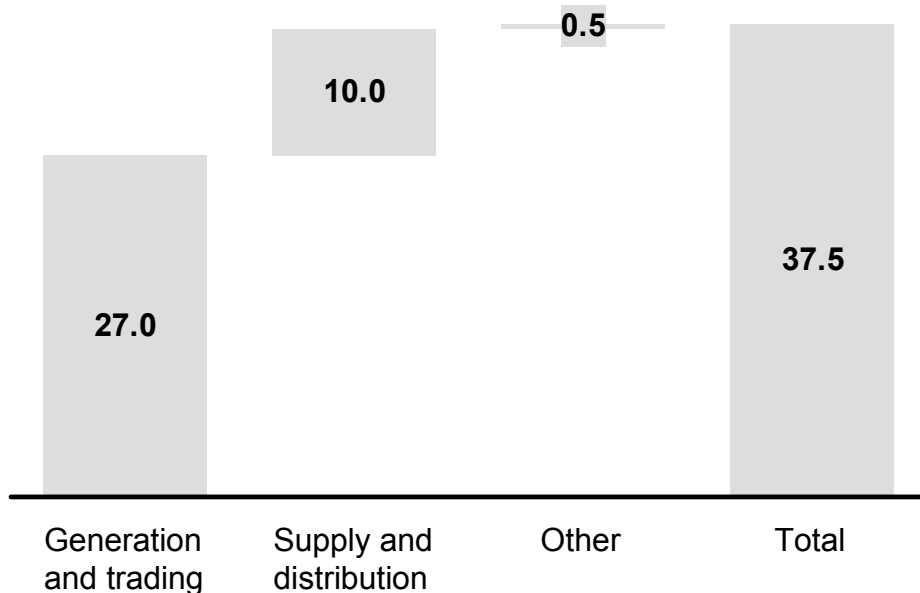
Note: Some of the analysts use different rating for recommendations and/or apply different meaning to target price



CEZ GENERATION FLEET IS THE MAIN VALUE DRIVER OF THE WHOLE GROUP

Contribution of various segments to consolidated EBITDA (2004)

CZK billion



Relative share
Percent

72%

27%

1%

100%

EBITDA Growth drivers

■ Generation and trading

- Regional price convergence to German levels
- CO₂ optimization
- Increased capacity of nuclear plants
- Higher utilization of plants (demand driven)
- Higher efficiency of new and retrofitted lignite plants
- Additional capacities (acquisitions, new projects)

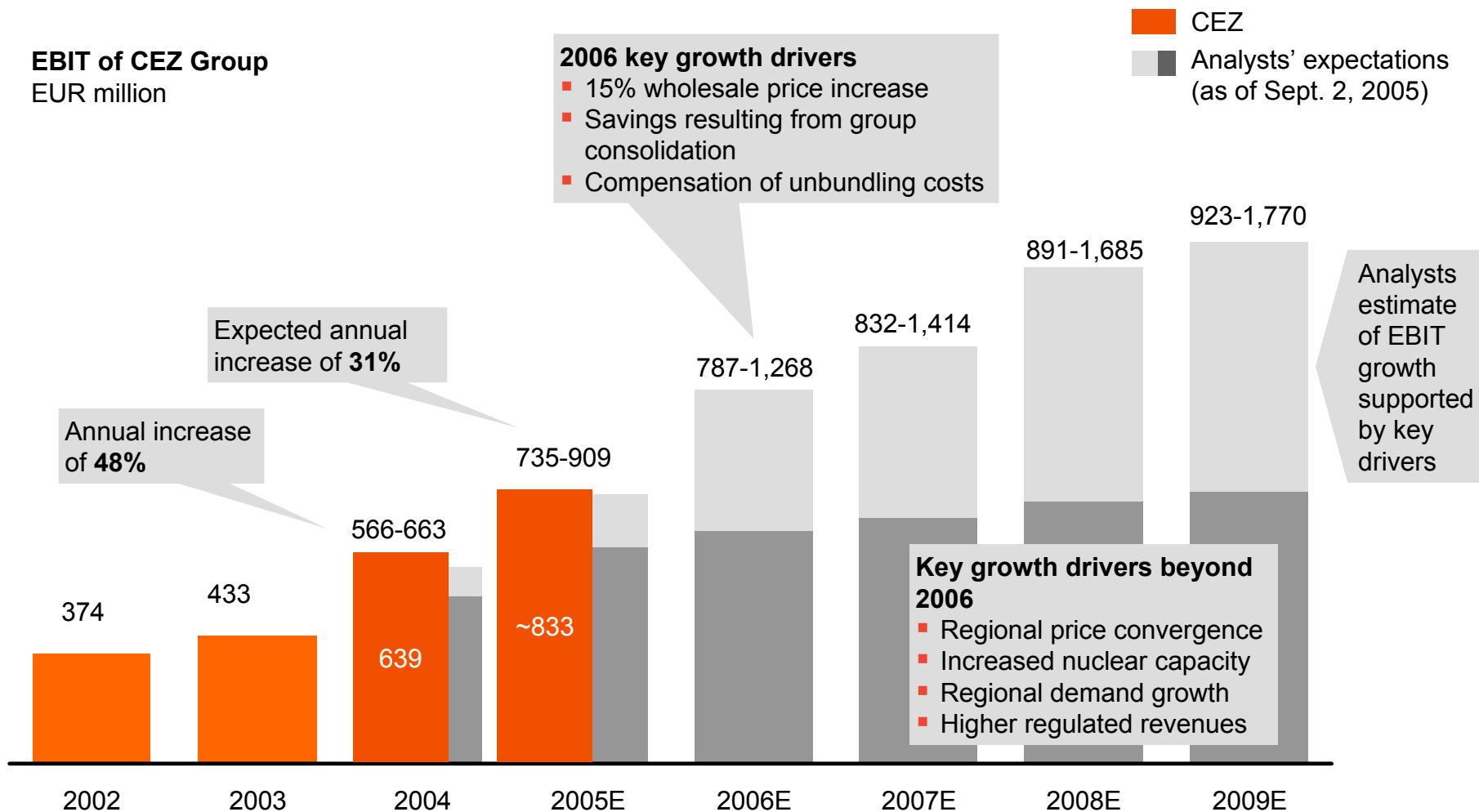
■ Supply and distribution

- Improvement in sales margin
- Implementation of cost cuttings through Vision 2008
- Adjustments in regulation of distribution business
- Inclusion of Bulgarian and Romanian distributors



CEZ GROUP MAINTAINS HIGH DYNAMICS IN PROFIT GROWTH IN LINE WITH ANALYSTS EXPECTATIONS

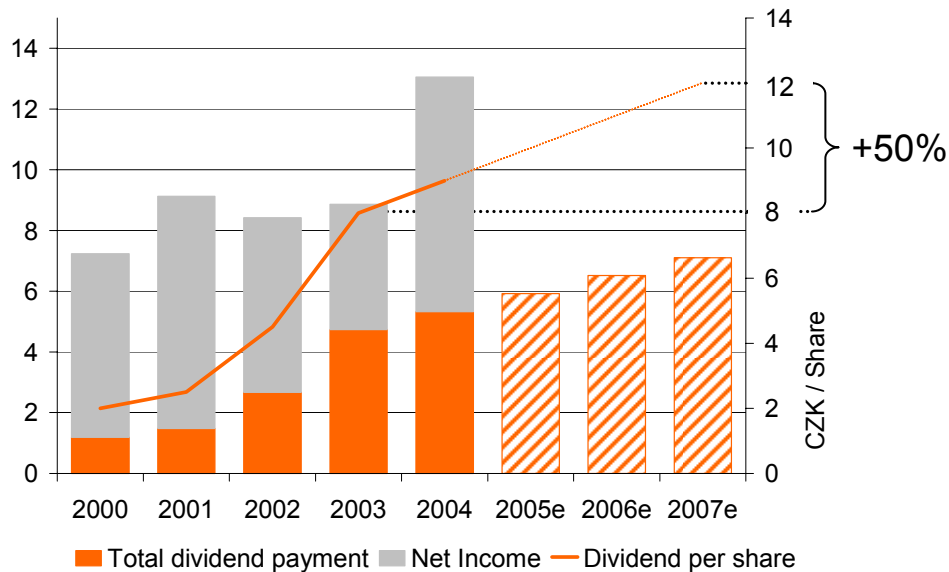
EBIT of CEZ Group EUR million



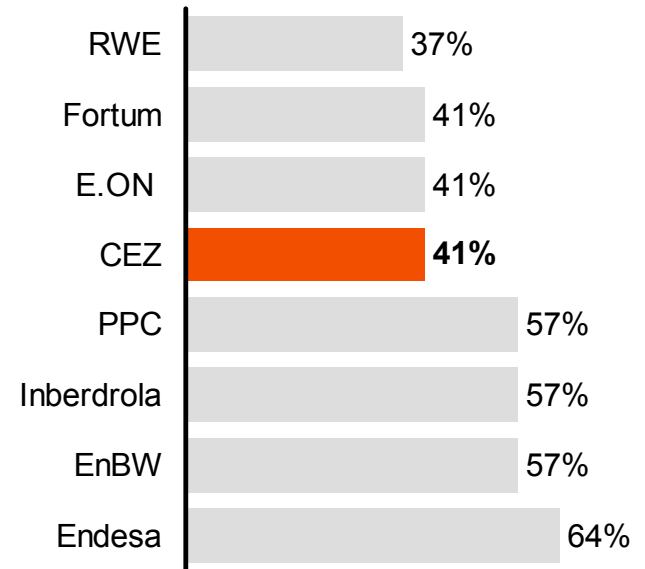


CEZ DIVIDEND POLICY TARGETS 50% DIVIDEND INCREASE BY 2007 (COMPARED TO 2003)

Net income and dividends (IFRS, consolidated)
CZK billion



Dividend payout ratio
Percent

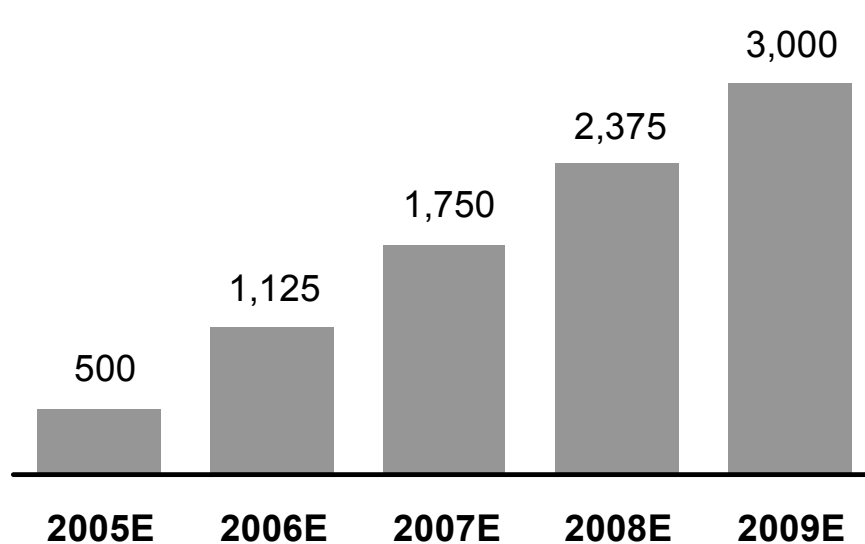


- CEZ pay-out ratio is in the range of its peers
- If no suitable and rightly priced acquisitions possible distribution to shareholders will increase



CEZ GROUP HAS VERY STRONG FREE CASH-FLOW THAT CAN BE USED TO FINANCE INTERNATIONAL GROWTH

Free cash flow of CEZ Group (cumulative) EUR million

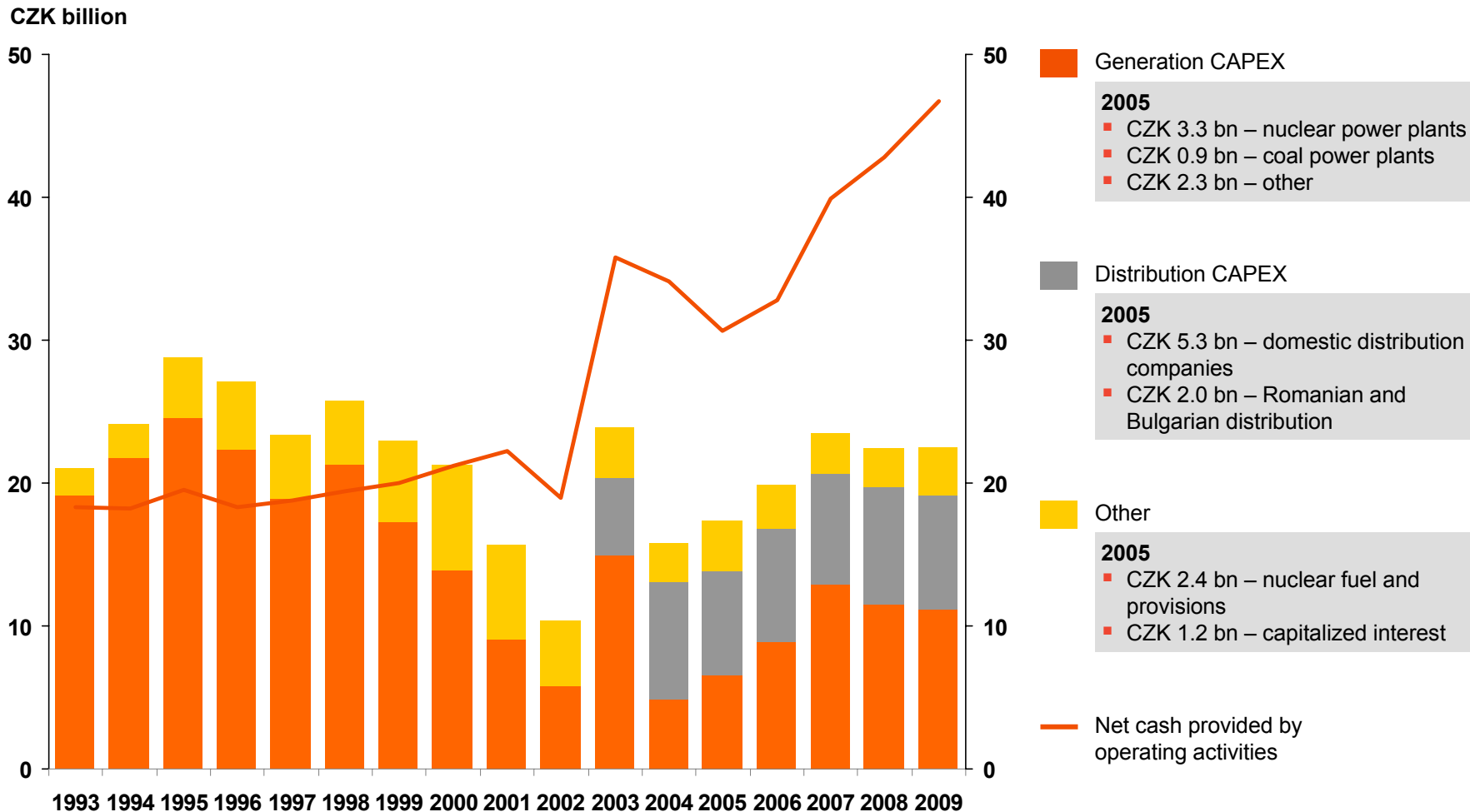


CEZ Group can finance foreign acquisitions in the next 3-5 years from free cash flow up to EUR 3,000 million without impacting

- Dividend payments
- Budgeted CAPEX
- Level of debt



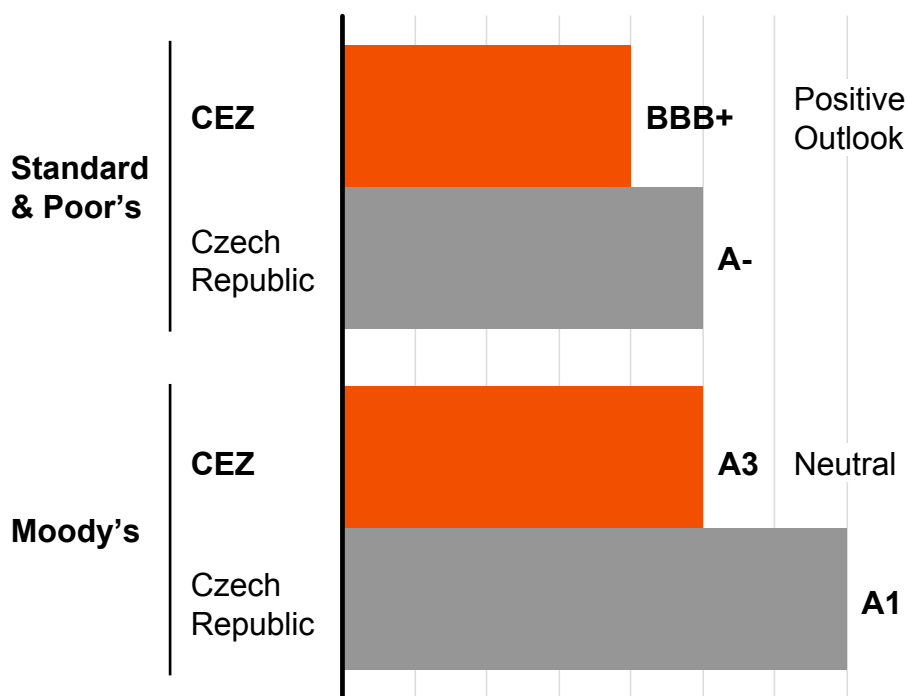
CEZ GROUP GENERATES LARGE OPERATING CASH-FLOW IN EXCESS OF INVESTMENT NEEDS





CEZ FINANCES ARE UNDER CLOSE SCRUTINY OF RATING AGENCIES AND BOND INVESTORS

Credit rating of CEZ and Czech Republic



- CEZ has high credit rating just below the country risk
- CEZ has been first rated company in former Eastern Europe

CEZ bonds

Year	Amount Million	Currency	Placement	Repayment
Matured				
1993	2,100	CZK	Prague	1996
1994	4,000	CZK	Prague	1999
	150	USD	Luxembourg	1999
1995	4,000	CZK	Prague	2000
1996	3,000	CZK	Prague	1999
	3,000	CZK	Prague	2003
1999	3,000	CZK	Prague	2004
Outstanding				
1997	200	USD	USA	2007
1999	4,500	CZK	Prague	2009
	2,500	CZK	Prague	2014
	200	EUR	Luxembourg	2006
2003	3,000	CZK	Prague	2008
2004	400	EUR	Luxembourg	2011

- CEZ has been first and one of the largest corporate bond issuers in former Eastern Europe

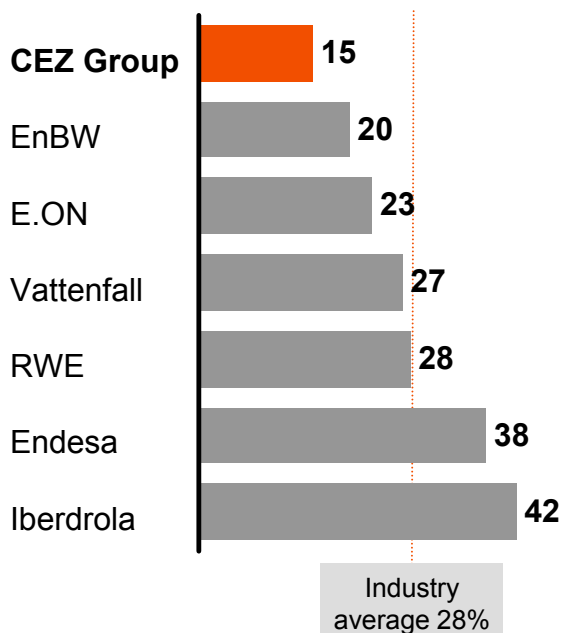


CEZ GROUP IS THE LEAST INDEBTED UTILITY IN EUROPE WITH STRONG ADDITIONAL BORROWING CAPACITY

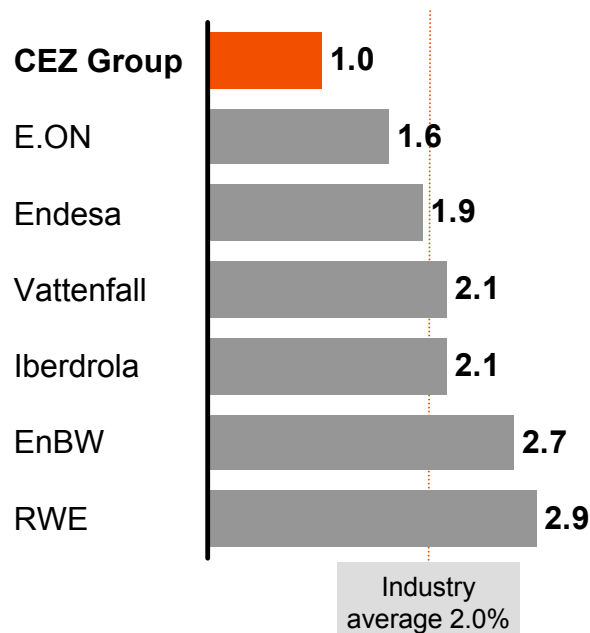
Additional borrowing capacity equals EUR 2 billion

- May be used on top of the free cash flow to finance acquisitions if large, interesting and properly priced acquisition targets appear

Long-term debt/Total assets Percent



Debt/ EBITDA Multiple

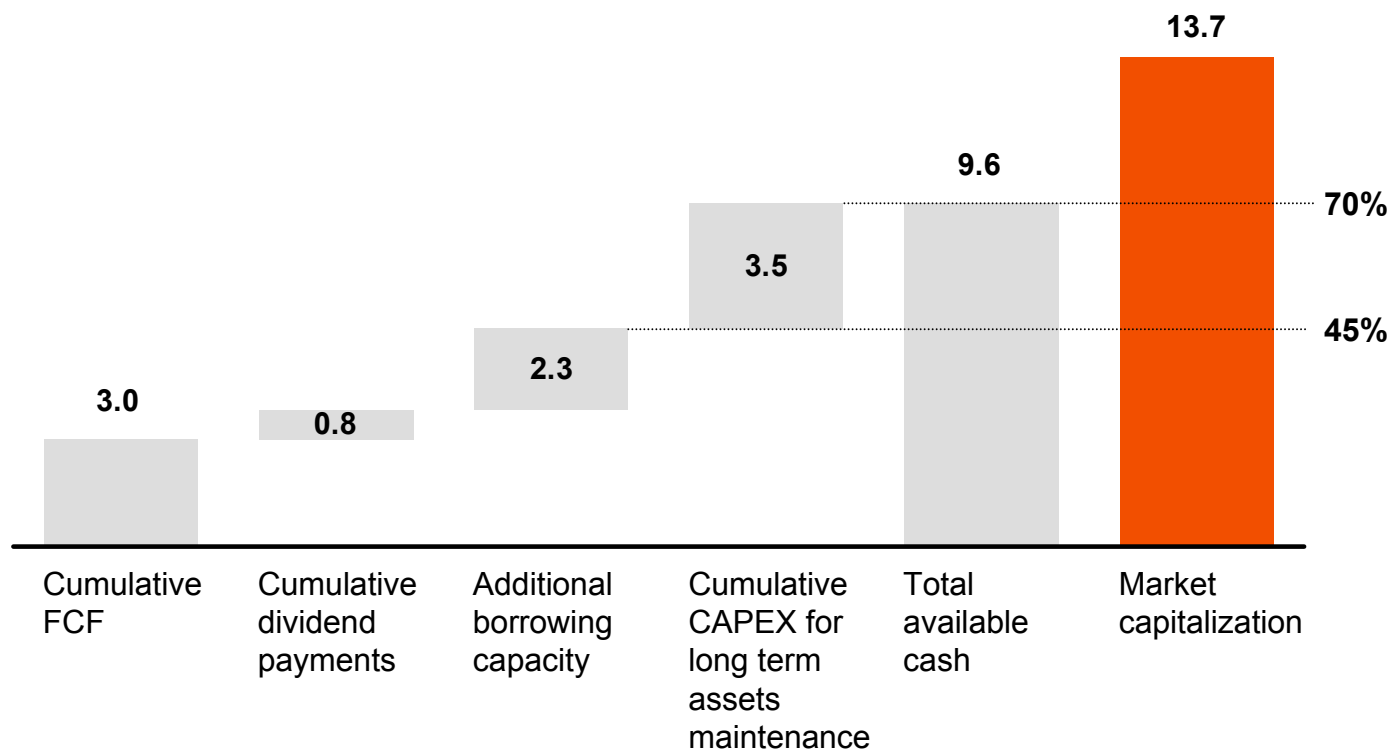




CASH FLOW GENERATED BY CEZ IN 2005-09 EQUALS ALMOST 70% OF ITS CURRENT MARKET CAPITALIZATION

Cash flow generation 2005-09

EUR billion



- Market cap almost covered by cash in next 5 years
- If no value increasing acquisition opportunities secured distribution to shareholders will increase

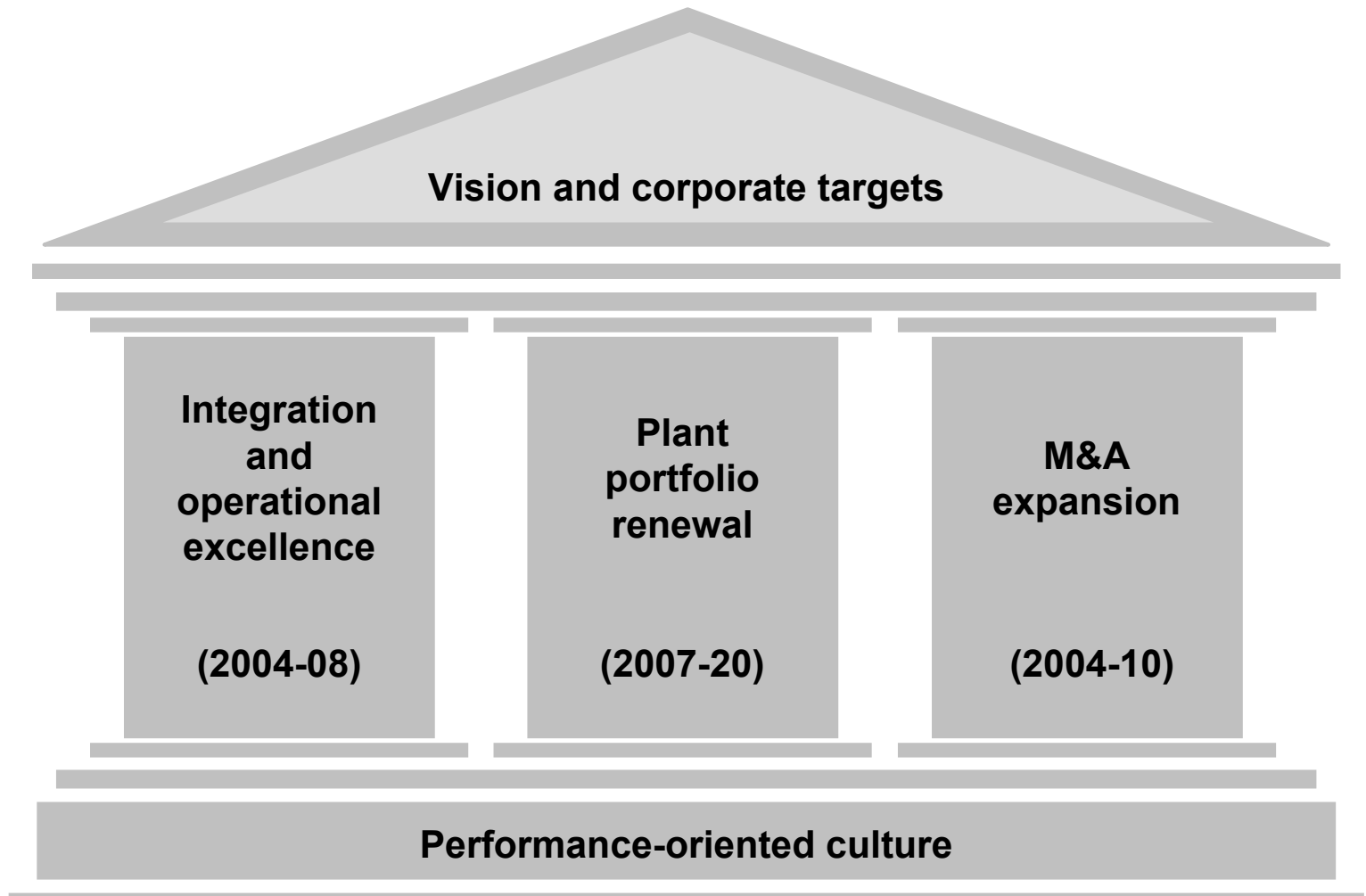


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CEZ GROUP HAS LAUNCHED FOUR KEY STRATEGIC INITIATIVES





PERFORMANCE ORIENTED CULTURE IS A PRECONDITION FOR ALL OTHER INITIATIVES



Implementation program

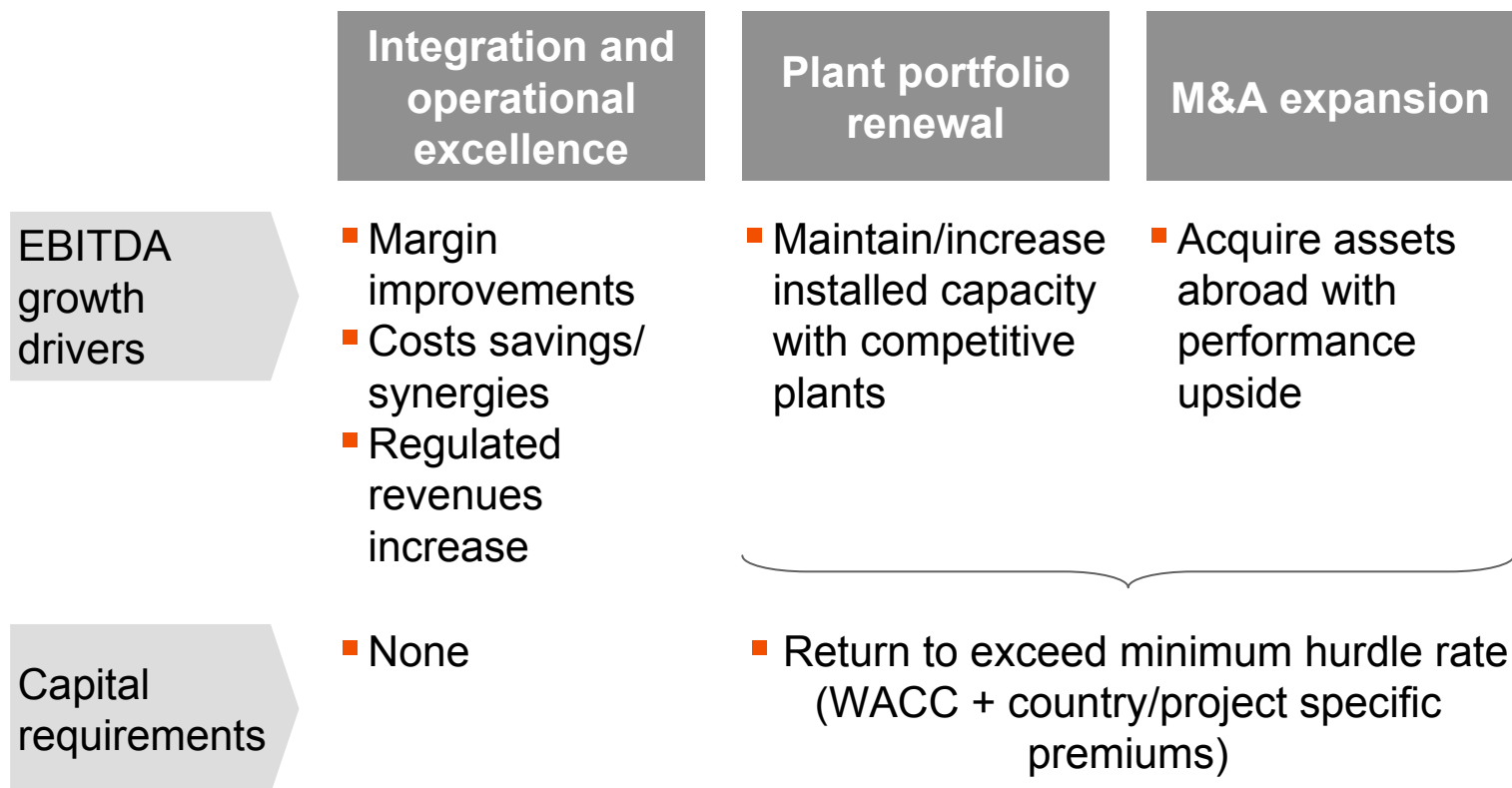
- Top and middle management meetings/ workshops
- Employee meetings
- Corporate magazine and intranet
- New hires
- Job rotations
- Performance reviews

7 principles of CEZ performance-oriented culture

1. Value creation is the top priority
2. Enforcing individual responsibility for reaching ambitious goals/results
3. Building ties and share values within the Group
4. Development of human potential
5. Creation of international organization
6. Acceptance of continuous change
7. Enforcing integrity



STRATEGIC INITIATIVES TARGET VALUE ENHANCEMENT





AGENDA

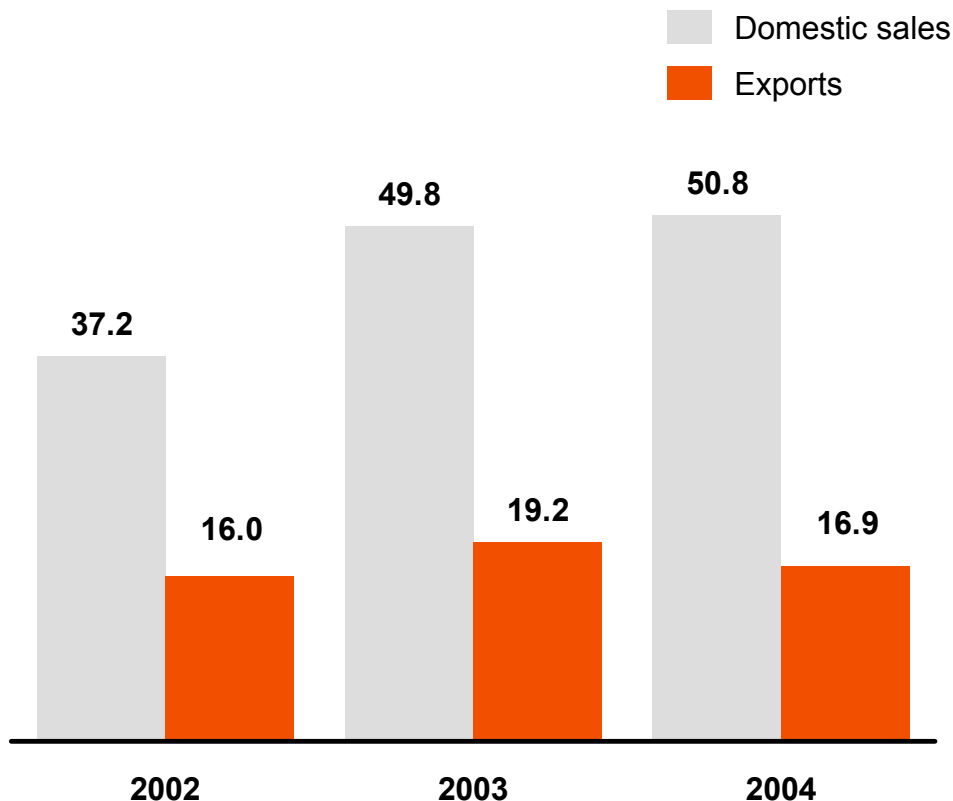
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MARKET FACTORS DRIVE CEZ'S ATTENTION TO DOMESTIC MARKET



Development of CEZ Group sales TWh



Key drivers

- Domestic sales driven by growing demand across all customer groups
- Exports influenced by high cross-border transmission costs
- Since CO₂ trading mechanism introduction (2005) exports hedged by alternative sale of CO₂ allowances
- Exports to grow starting 2007 following expected power plants shut downs in the region and growing consumption

* Excluding Bulgarian and Romanian distribution companies

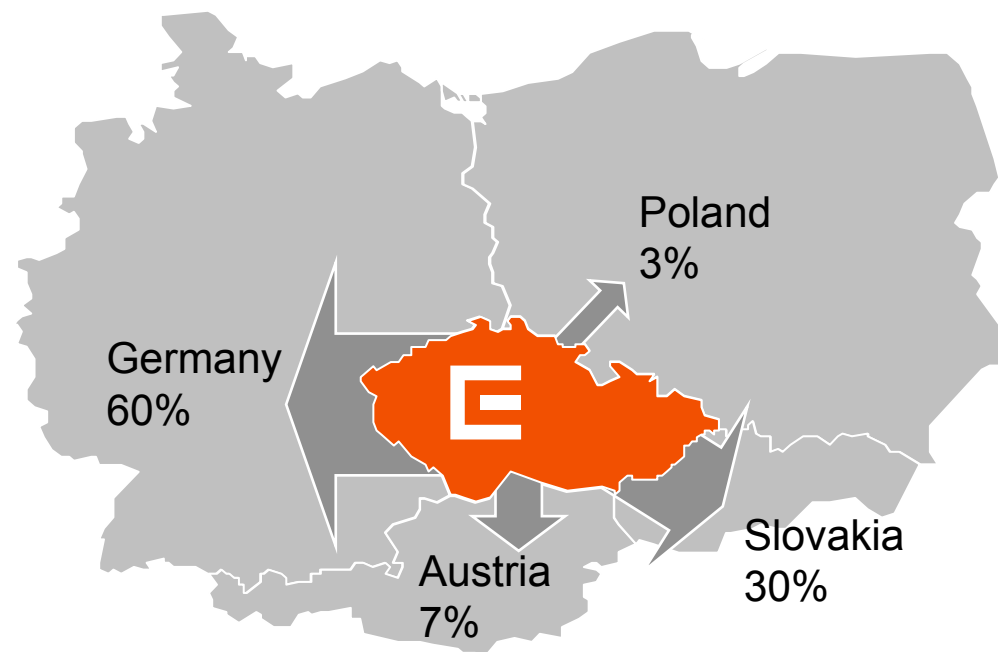
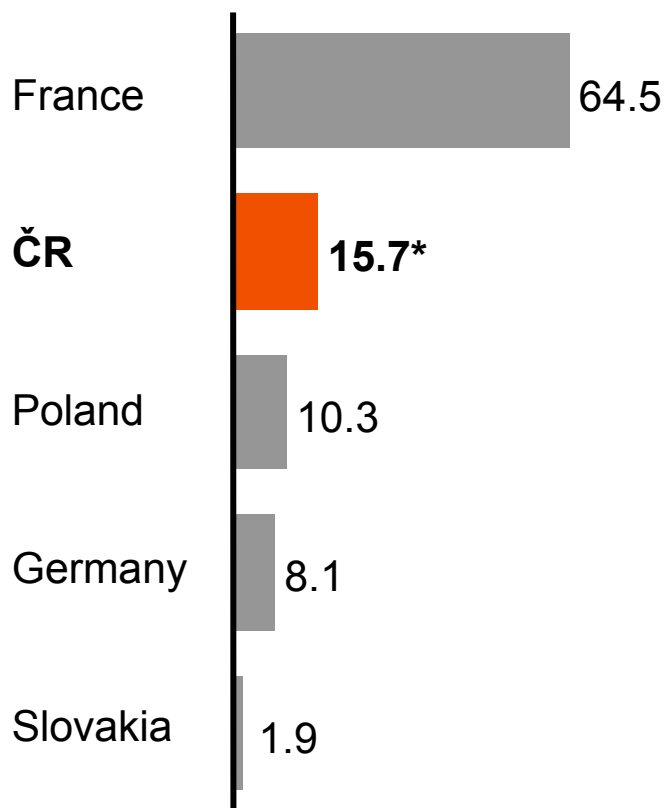


CEZ GROUP IS SECOND LARGEST EXPORTER OF POWER IN EUROPE, PROVIDING POWER TO CENTRAL EUROPEAN COUNTRIES



Net exports in 2004
TWh

Structure of CEZ exports in 2004



Diversification of target export markets from initial focus on Germany

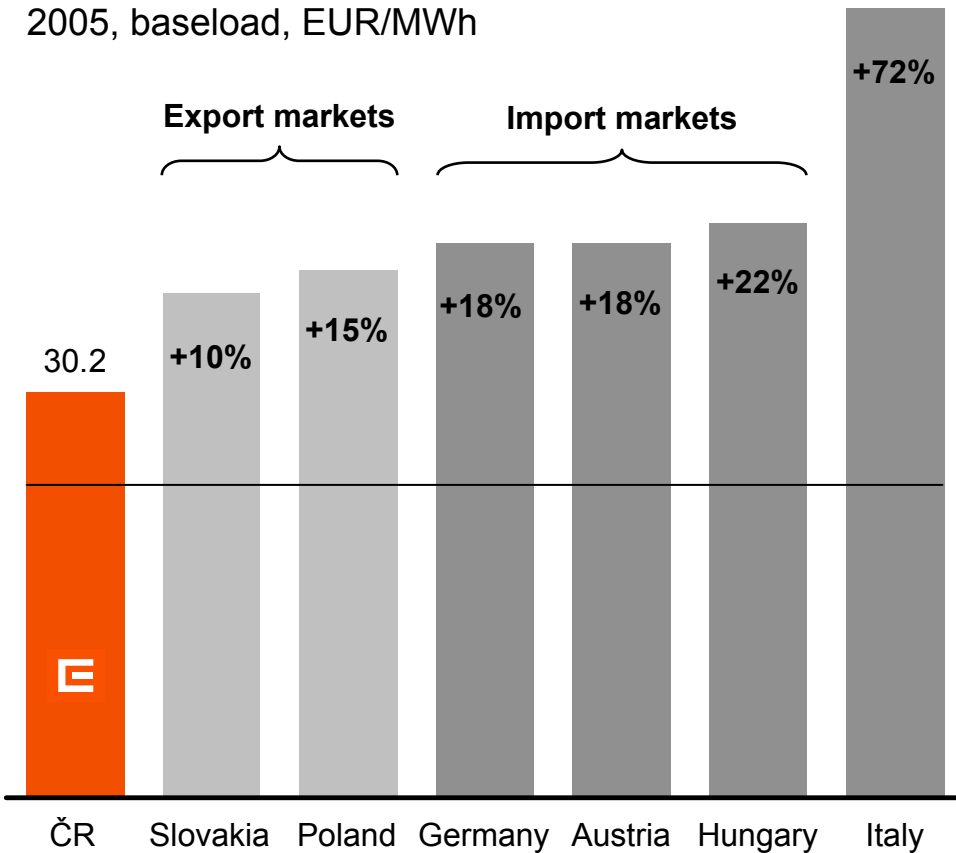
* CEZ Group exported 16.7 TWh



WHOLESALE PRICES OFFERED BY CEZ ARE THE LOWEST IN THE REGION



Wholesale power price* 2005, baseload, EUR/MWh



Existing pricing

- Has been a result of **influence of higher German prices** and potential cheaper imports from Poland and Slovakia
- Will be changed with full implementation of CO₂ European Trading Scheme supporting **price convergence**



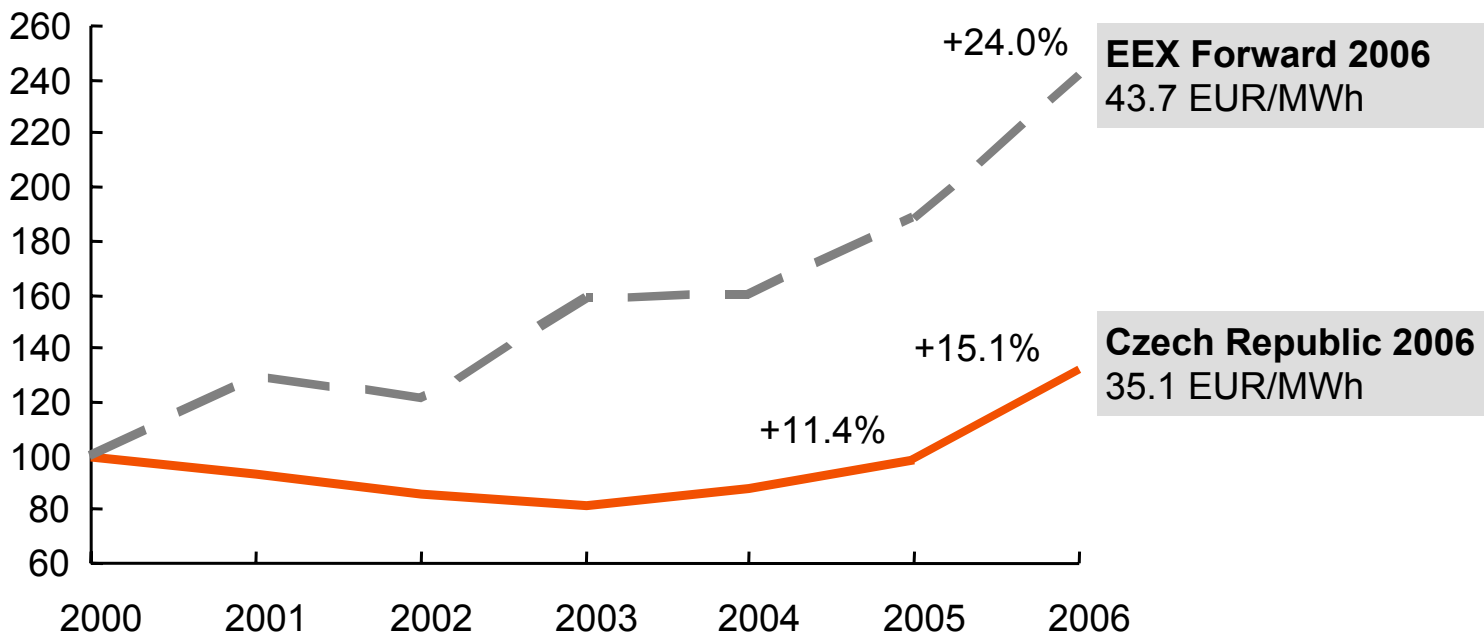
* Comparing 2005 forward price as of September 2004



GAP BETWEEN ELECTRICITY PRICES IN THE CZECH REPUBLIC AND ABROAD REMAINS WIDE



Wholesale electricity prices (baseload) 2000 index

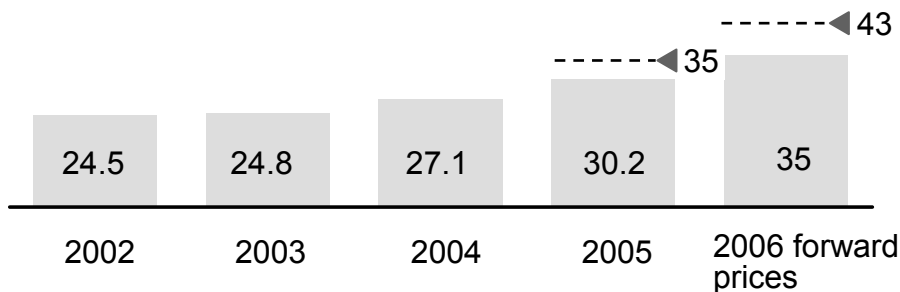




DOMESTIC AND EXPORT PRICES ARE CONVERGING TO INTERNATIONAL LEVELS



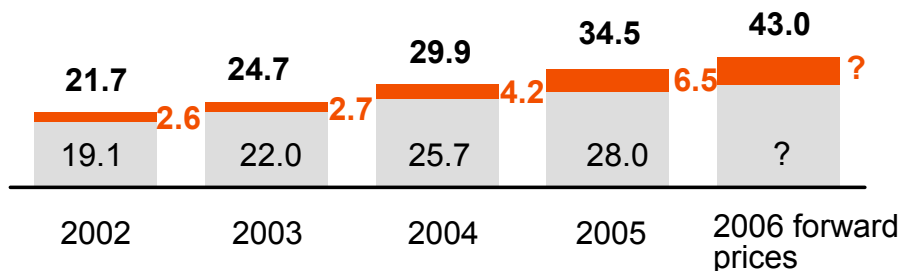
**Domestic annual
baseload
wholesale prices**
EUR/MWh*



Price change
Percent



Export prices
EUR/MWh



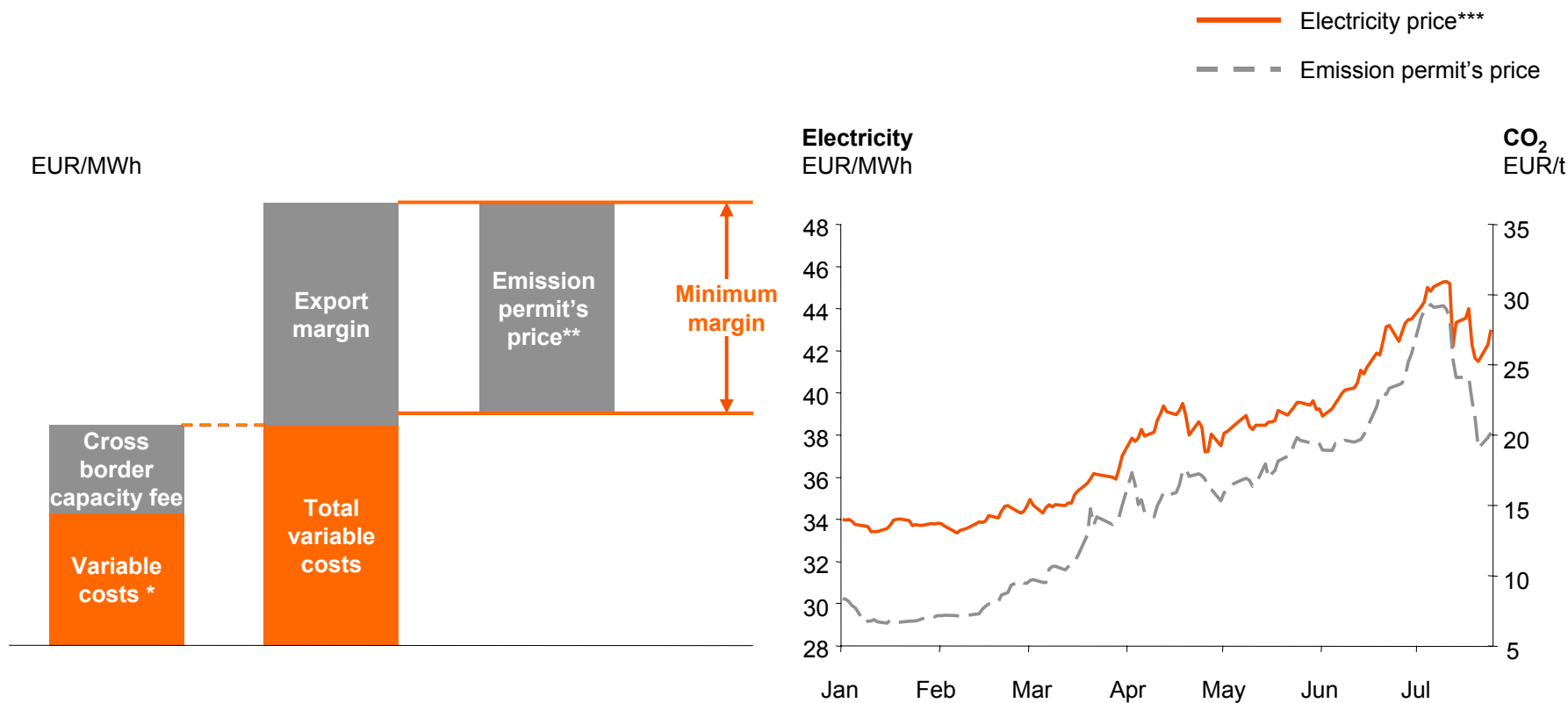
Price change
Percent



* Exchange rate CZK/EUR = 30



CO₂ EMISSION PERMITS HELP CEZ TO HEDGE ITS EXPORTS



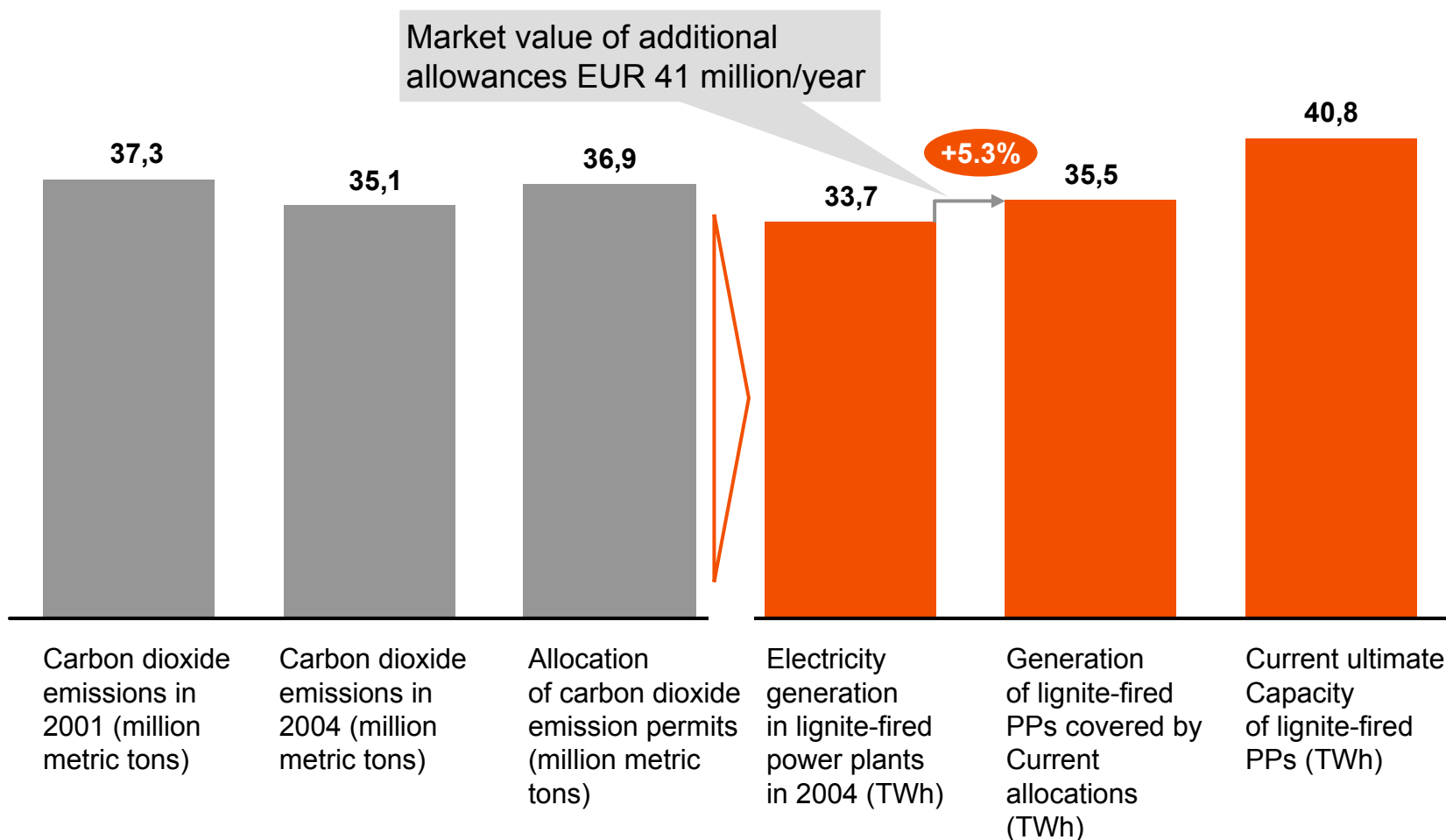
* Coal-fired power plants

** Generation of 1 MWh of electricity in coal-fired power plant induces production of 1.04 metric tons of carbon dioxide

*** 2006 baseload future traded at EEX



ALLOCATION OF 36.9 TONS OF CO₂ EMISSION PERMITS PER YEAR FOR 2005-07 ALLOWS CEZ TO INCREASE GENERATION IN LIGNITE PLANTS BY 5.3%

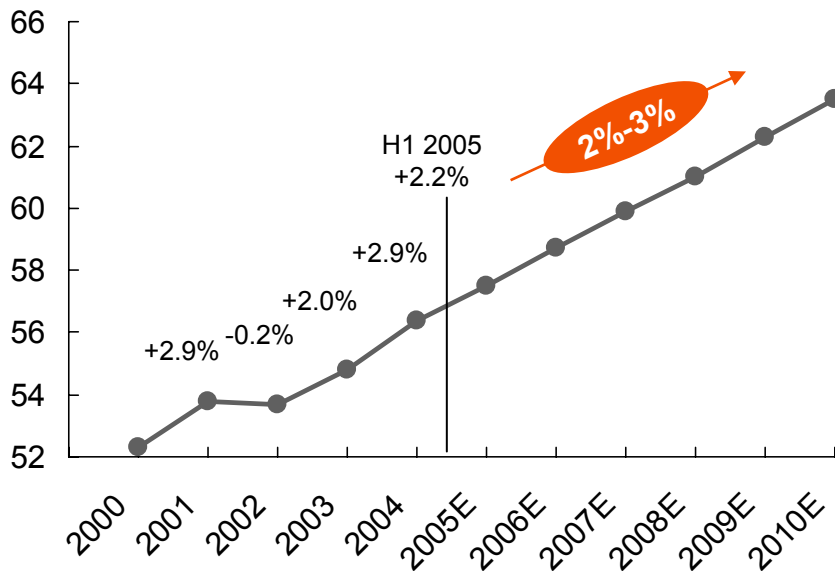




GOING FORWARD, CEZ GROUP WILL BENEFIT FROM FAST GROWING DEMAND AND FORCED SHUT DOWN OF OLD PLANTS



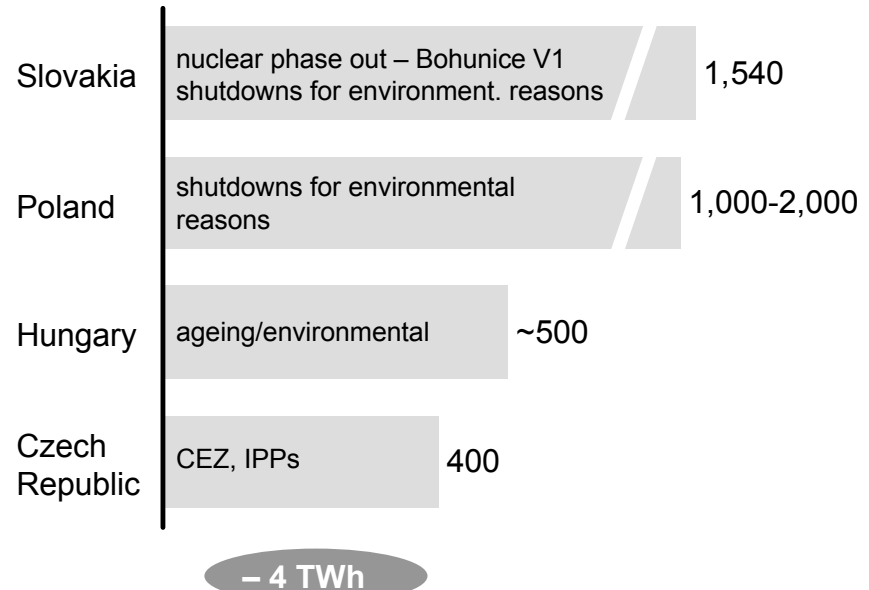
Power consumption in the Czech Republic
TWh



**Change in Central
in 2004-08**

+ 8 TWh

Estimated capacity reduction in Central Europe by 2010
Installed capacity, MW



- 4 TWh

- **Quick reduction of overcapacity in the region**
- **Lower pressure on export profiles to Germany/Austria**
- **Price convergence to one level across Central Europe**

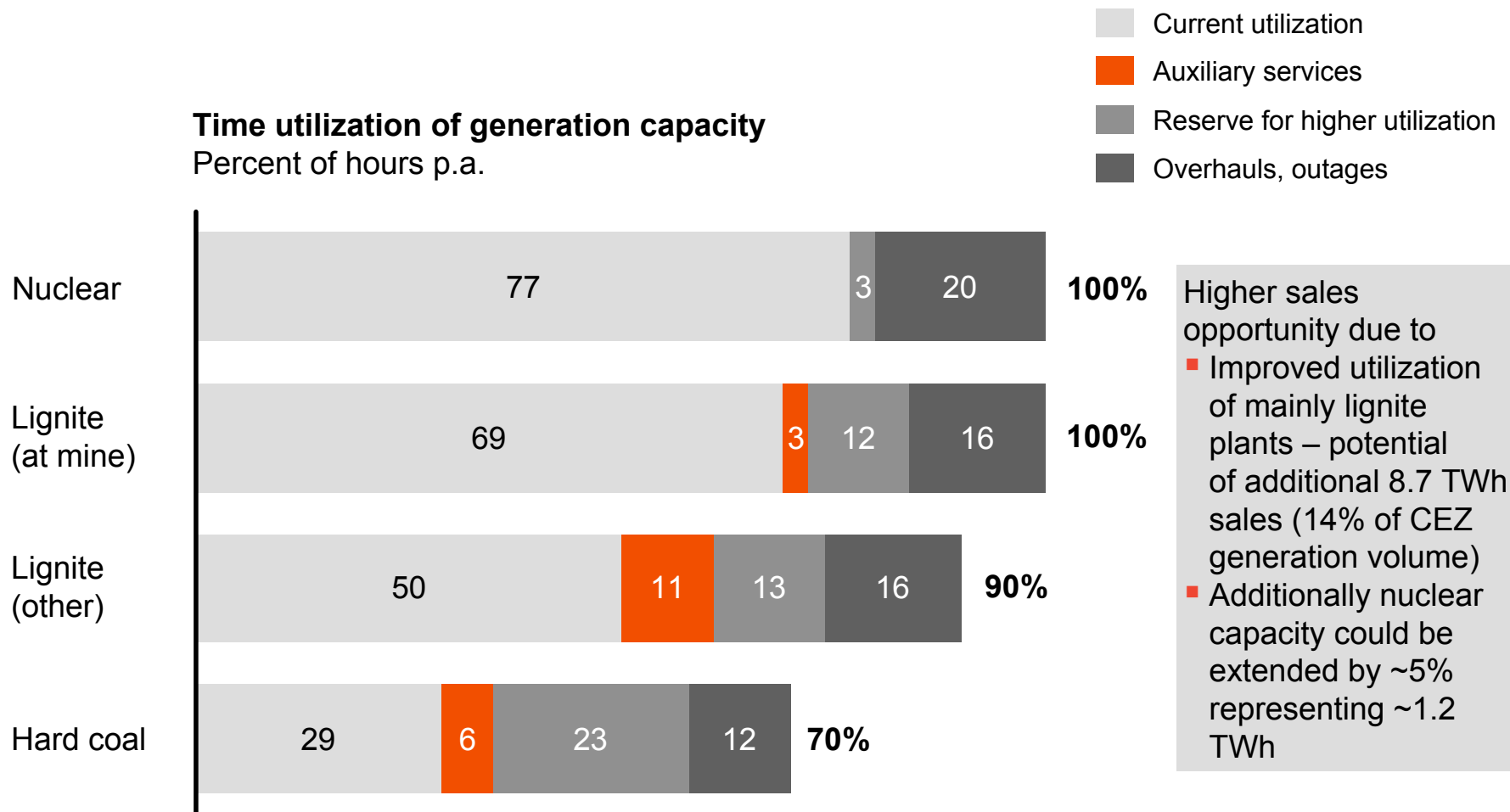


ADDITIONAL 8.7 TWh CAN BE GENERATED BY INCREASING UTILIZATION OF NUCLEAR AND COAL PLANTS



Time utilization of generation capacity

Percent of hours p.a.





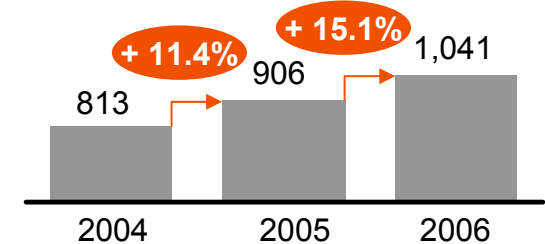
CEZ GROUP INCREASED SALES MARGIN WHILE MAINTAINING MARKET SHARE



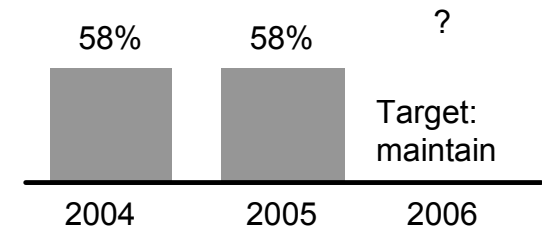
Distribution regions of CEZ Group



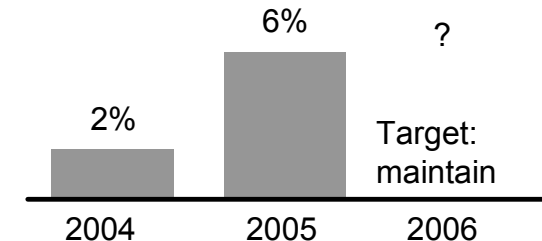
Domestic wholesale baseload CZK/MWh



Market share in power retail Percent of MWh

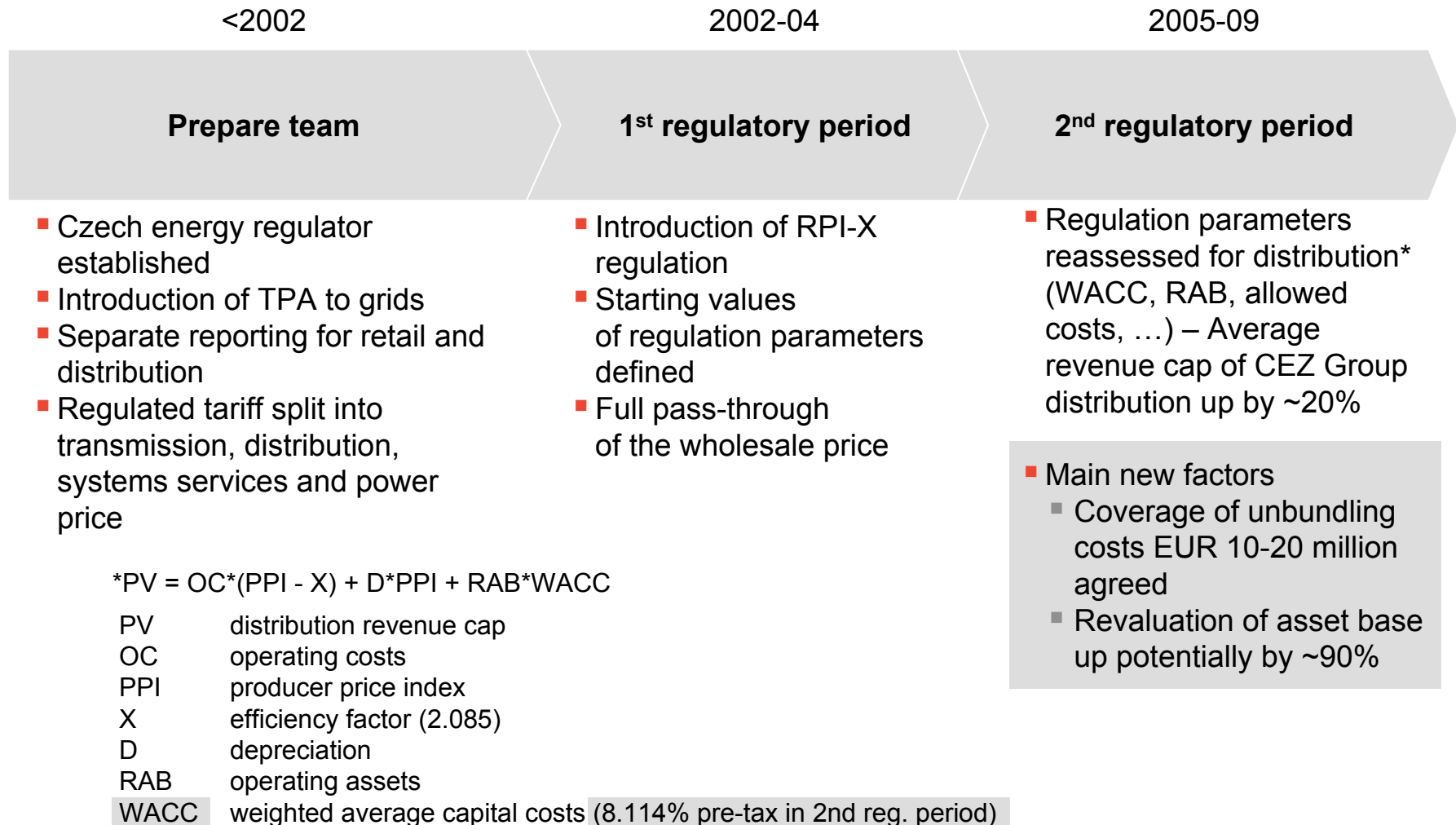


Average net supply margin Percent



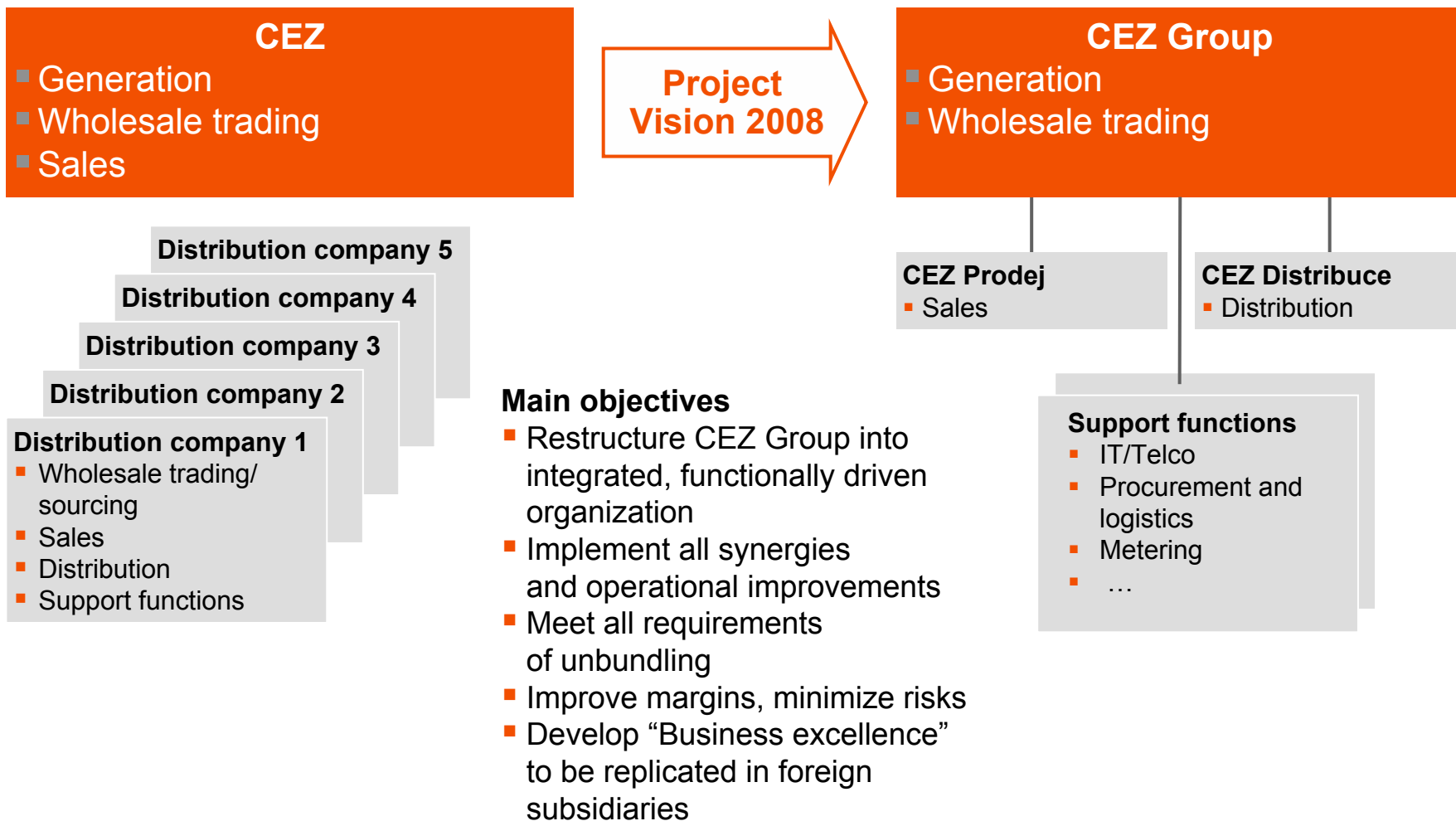


REGULATORY ENVIRONMENT IN THE CZECH REPUBLIC IS FAIR AND TRANSPARENT





WITHIN PROJECT VISION 2008 CEZ GROUP WILL REORGANIZE ITSELF INTO A TRANSPARENT HOLDING STRUCTURE ...

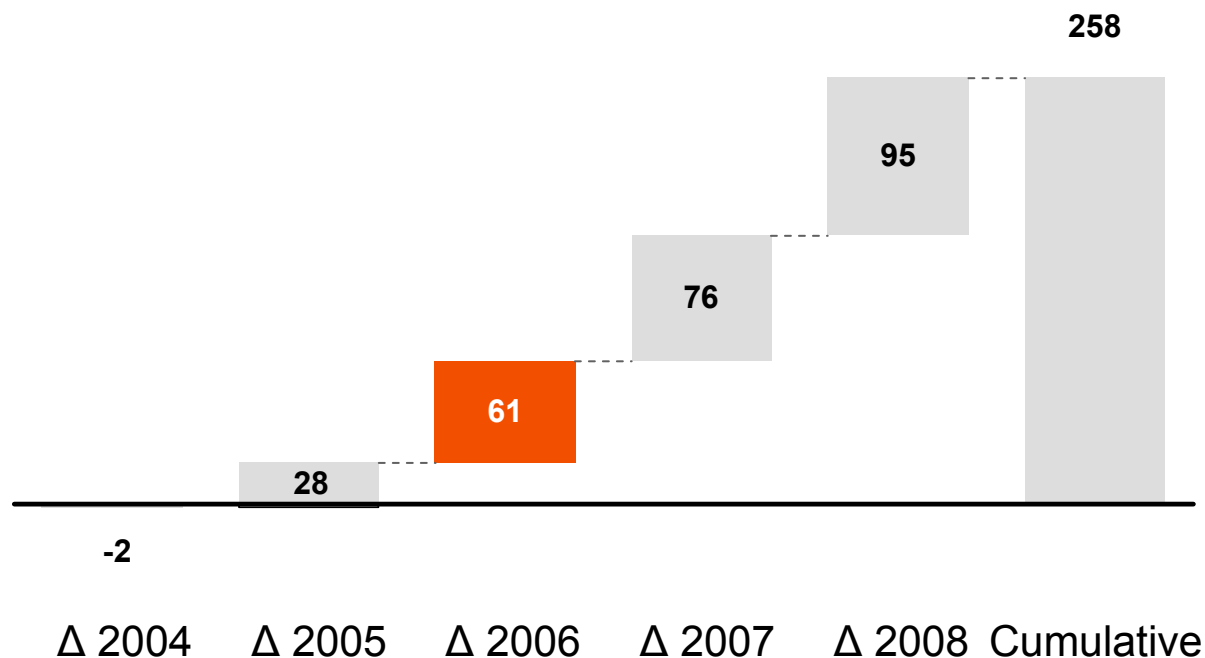




... AND ACHIEVE ALMOST EUR 100 MILLION IN ANNUAL SAVINGS

Gross costs saving* in 2004-08

EUR million



Total annual costs savings related to Vision 2008 project are to reach CZK 2.9 bn by 2008, i.e., ~10% 2004 operating costs in supply and distribution segment (excluding purchased electricity)

Key contributions

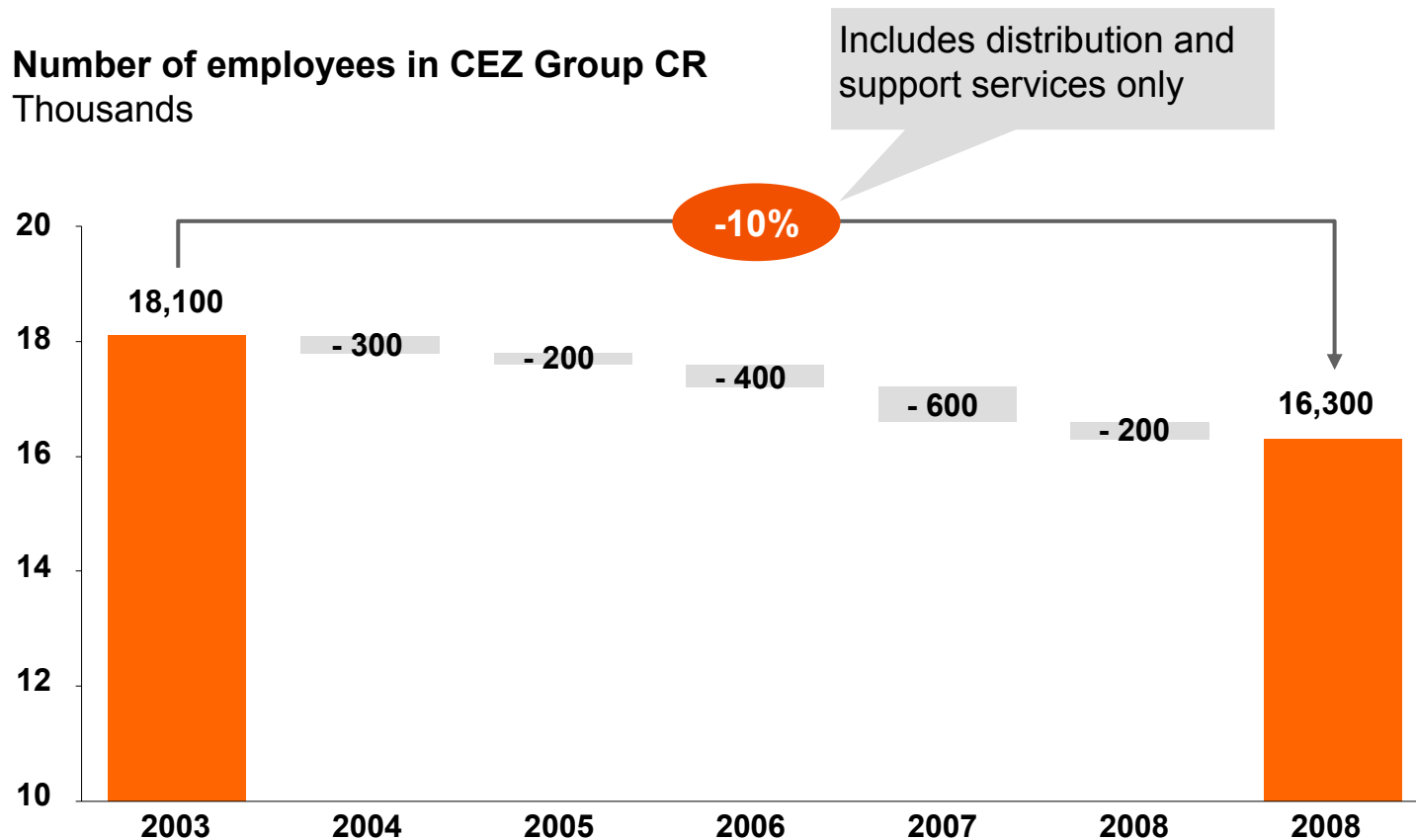
- Processes unification
- Best practice
- Headcount reduction
- Centralized procurement

* Costs savings compared to 2003



NUMBER OF EMPLOYEES WILL DECLINE BY 1,800 BY 2008

Number of employees in CEZ Group CR
Thousands





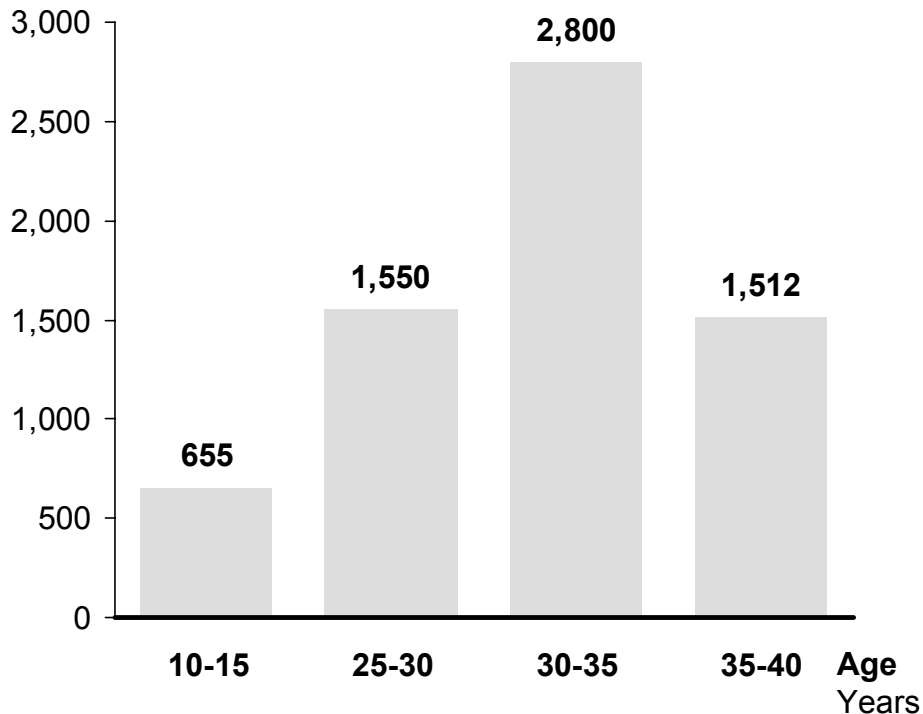
AGENDA

- Summary for investors
- Introduction
 - Scope of operations
 - Financial performance
- **Strategic initiatives of CEZ Group**
 - Integration and operational excellence
 - **Plant portfolio renewal**
 - M&A expansion



LARGE PORTION OF CEZ POWER PLANTS WILL BE AT THE END OF THEIR LIFETIME





Age structure of CEZ thermal blocks MW



- Portion of CEZ thermal capacity approaches end of its life time in 2010-20
- Also desulphurization equipment to reach end of its lifetime in 2015 -2020
- Additionally, the emission limits on SO_x, NO_x will get much stricter starting 2016
- As a result thermal capacities must be renewed by new plants additions of refurbishment of existing equipment



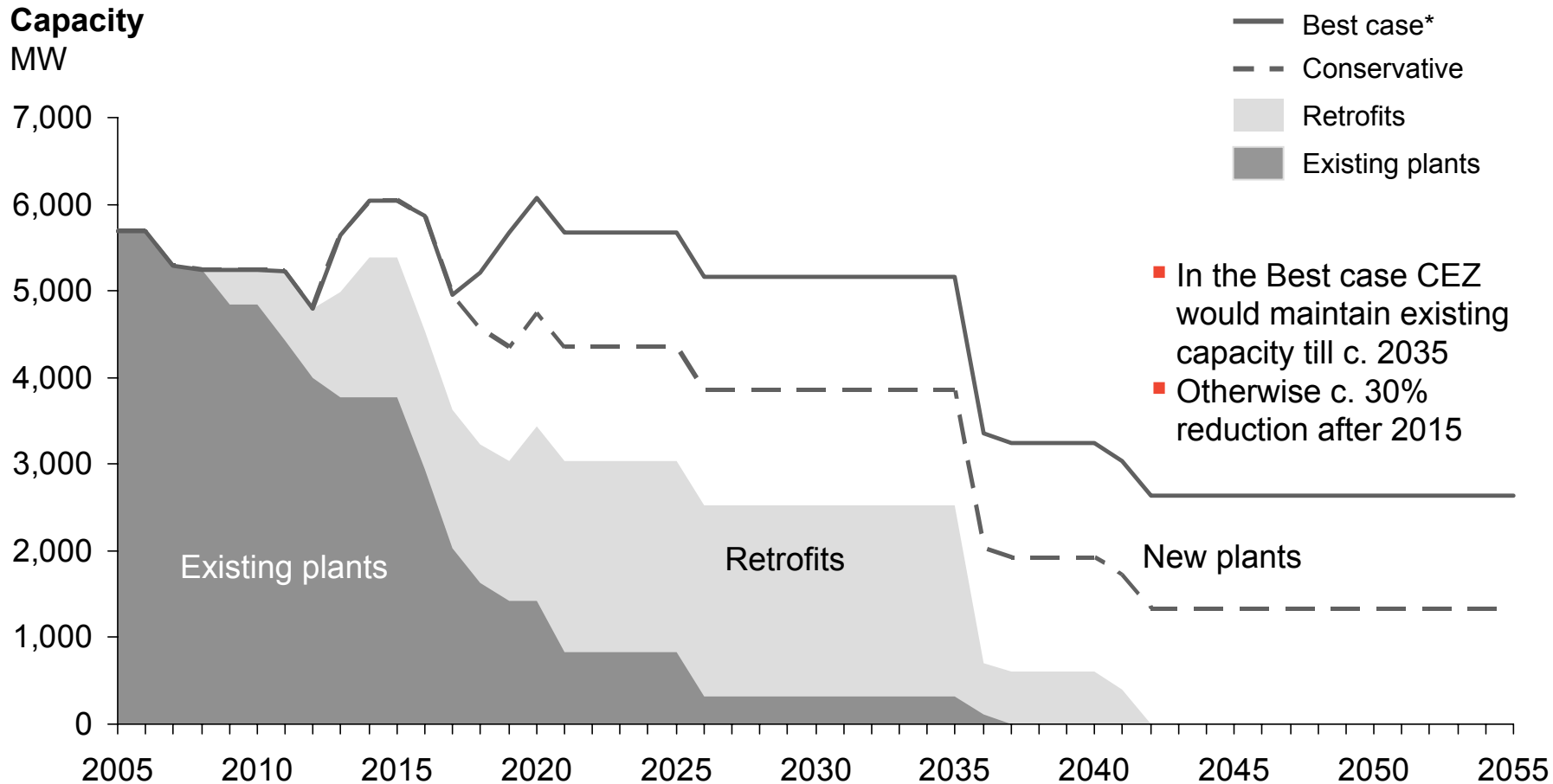
CEZ INTENDS TO BUILD ITS FUTURE PLANT FLEET AROUND NEW GENERATION OF LIGNITE PLANTS

	Coal	Nuclear	Gas	Renewables
Environmental impact	<ul style="list-style-type: none">Acceptable emissions if well designed/managed	<ul style="list-style-type: none">No emissionsNuclear risk	<ul style="list-style-type: none">Low emissions	<ul style="list-style-type: none">Limited/no emissionsNo resources depletion
Competitive advantages	<ul style="list-style-type: none">Low cost of domestic lignite	<ul style="list-style-type: none">Politically acceptable in Czech Republic	<ul style="list-style-type: none">Flexibility, relatively low investment cost	<ul style="list-style-type: none">Public support
Risks/constraints	<ul style="list-style-type: none">Lignite availabilityCO₂ regulation/price	<ul style="list-style-type: none">High up front investment	<ul style="list-style-type: none">High/volatile gas price	<ul style="list-style-type: none">Subsidy scheme not clear yet
				
	<ul style="list-style-type: none">Cornerstone of the future CEZ plant fleet	<ul style="list-style-type: none">Complement to lignite for baseload generation	<ul style="list-style-type: none">Potentially source of flexible power	<ul style="list-style-type: none">Complementary role (e.g., combined combustion of coal and biomass)



CEZ HAS FINALIZED PLANS FOR LIGNITE PLANTS RENEWAL AND NOW DEVELOPS STRATEGY IN OTHER FUELS

Capacity
MW

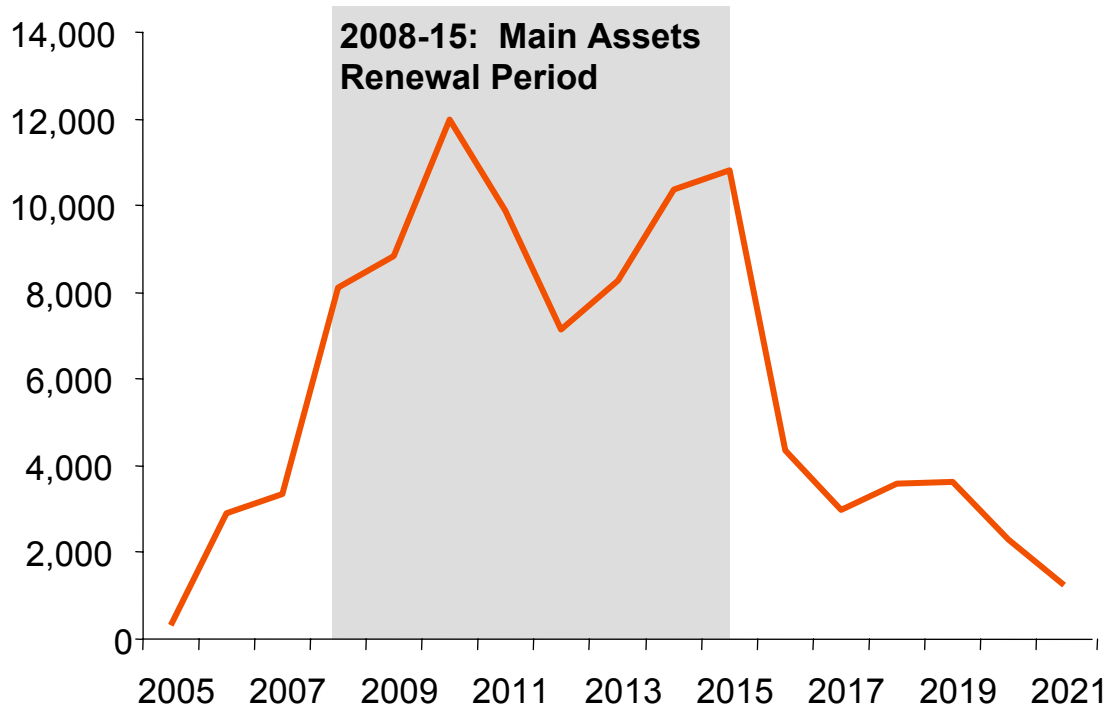


* The best case scenario (additional 2x 660 MW in new units) would require removal of existing administrative geographical mining limits



LIGNITE PLANTS PORTFOLIO RENEWAL RELATED CAPEX TO REACH CZK 100 BN AND BRING 14-25% EFFICIENCY UPLIFT

Expected CAPEX – conservative scenario CZK million



Projects overview

- Highly profitable
- Secured fuel – low risk

Retrofits

- Gross efficiency improvement from 36% to 41%
- Less CO₂ production
 - Tušimice II 4 x 200 MW
 - Prunéřov II 4 x 200 MW
 - Počerady 3 x 200 MW

New units

- Gross efficiency 45%
- Less CO₂ production
 - Počerady 1 x 660 MW
 - Ledvice 1 x 660 MW



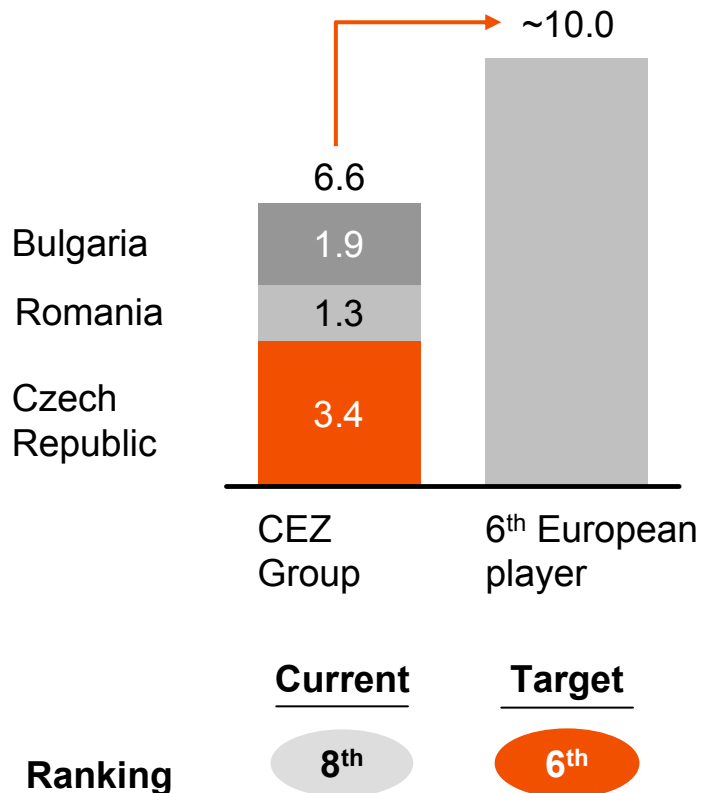
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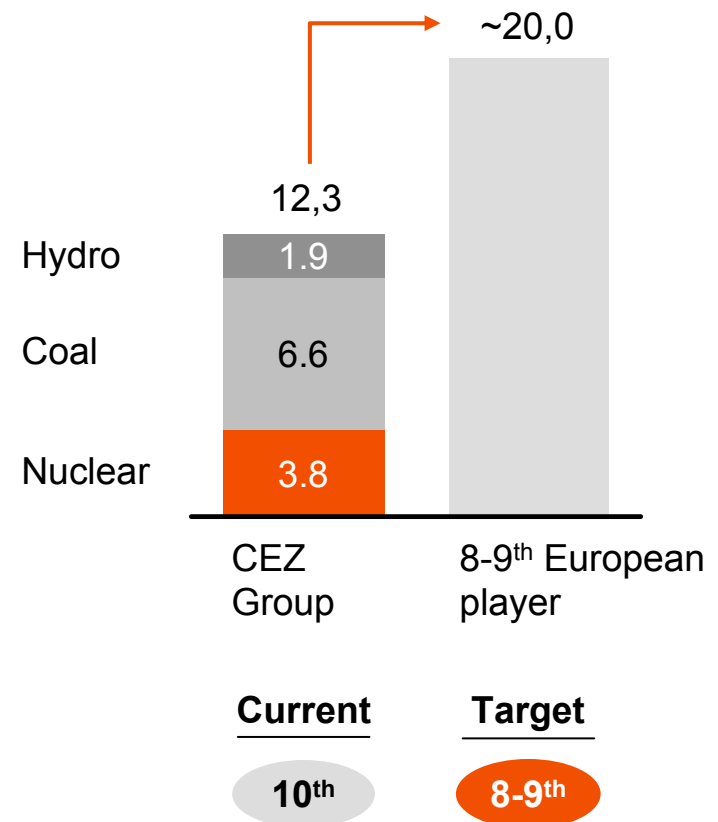


CEZ GROUP WANTS TO GROW BOTH IN GENERATION AND DISTRIBUTION/SUPPLY

Ambition for distribution/supply growth Millions of customers



Ambition for target generation growth GW of installed capacity





CEZ GROUP IS BEST POSITIONED TO SUCCEED IN THE REGION OF CENTRAL AND SOUTHEASTERN EUROPE

- Intimate knowledge of the region
- Very well accepted, successful but “local” investor due to close cultural/historical ties
- First-hand experience with transformation of power markets
- Natural hedge to current position of CEZ Group providing significant synergies/risk mitigation
- Significant portion of the assets still in state hands, many privatization processes initiated
- Limited interest of other players in target region of CEZ Group
- Higher financial leverage and overpriced previous investments of other players limiting their growth potential
- Management capacity available from restructuring in the Czech Republic



EVEN THOUGH CEZ GROUP HAS AMBITIOUS EXPANSION PLANS, WE ARE VERY PRUDENT IN OUR M&A DECISIONS

Key criteria for M&A decisions

- Target attractive on standalone basis (market position, asset quality)
- Synergies with CEZ Group (welcomed but not taken into valuation)
- Return above cost of capital (without future synergies)
- Credit rating targeting
- Positive contribution to CEZ Group value

M&A process

- Always along a global advisor with target country ties
- Valuation prepared by advisor cross-checked to internal valuation
- Multiple scenarios
- Transaction team includes implementation team
- Valuation model becomes budget for the implementation team

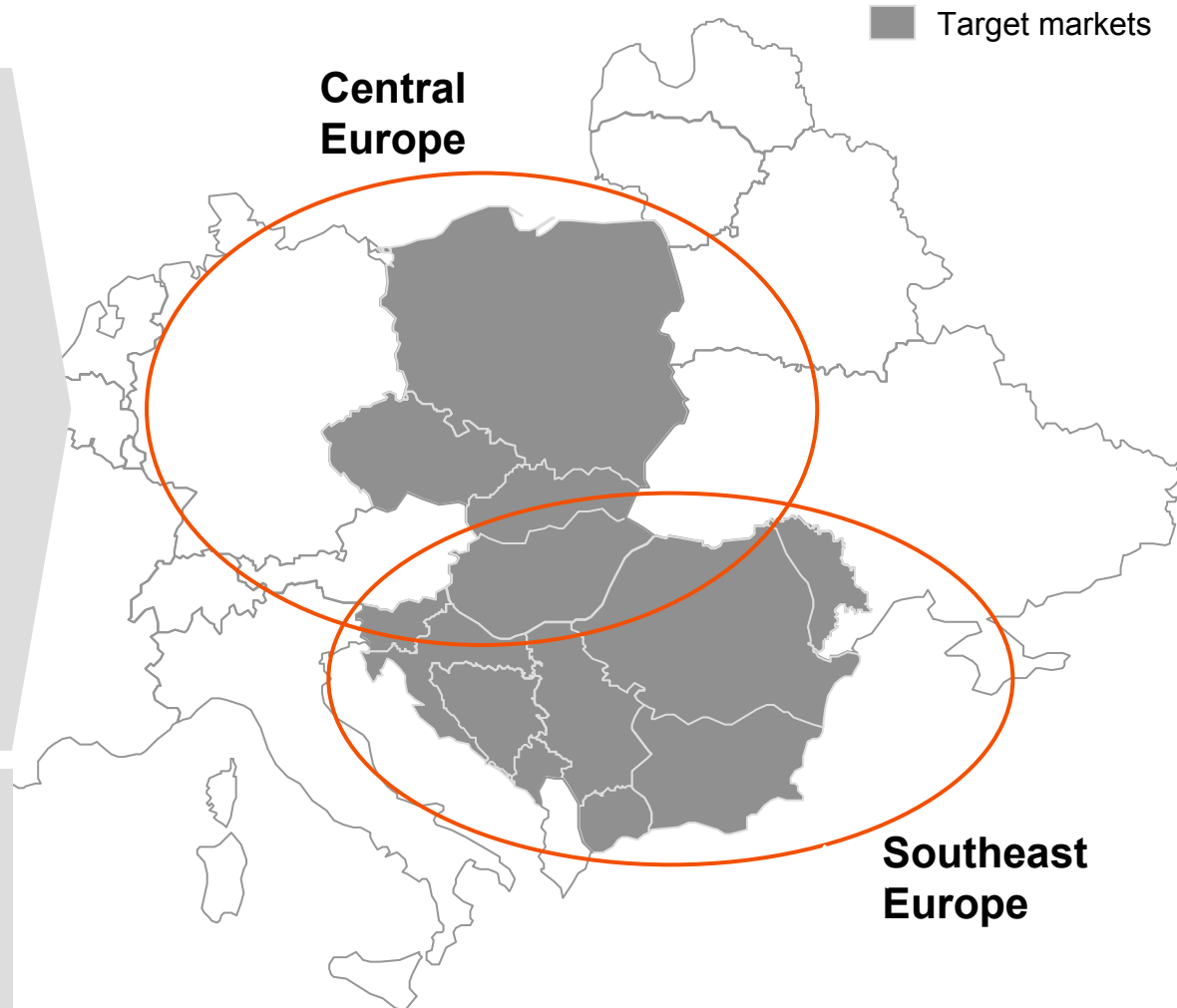


THERE IS LARGE NUMBER OF POTENTIAL TARGETS IN THE REGION OF CENTRAL AND SOUTHEASTERN EUROPE

Main acquisitions opportunities 2005-06

- **Bulgaria:** generation – TPPs Varna, Ruse
- **Romania:** distributors Muntenia Sud, generation – TPP Turceni, Rovinari, Craiova
- **Poland:** generation – PAK, Dolna Odra, Kozienice, distribution
- **Montenegro:** generation + mining – TPP Pljevlja, coal mine company Pljevlja
- **Macedonia:** generation + distribution – electricity power complex ESM

Additional opportunities expected within next 2-3 years – e.g., remaining distributors in Romania, energy sector in Serbia and former Yugoslavia, additional assets in Poland





CEZ PARTICIPATES IN ALL PENDING PRIVATIZATIONS IN THE TARGET REGION

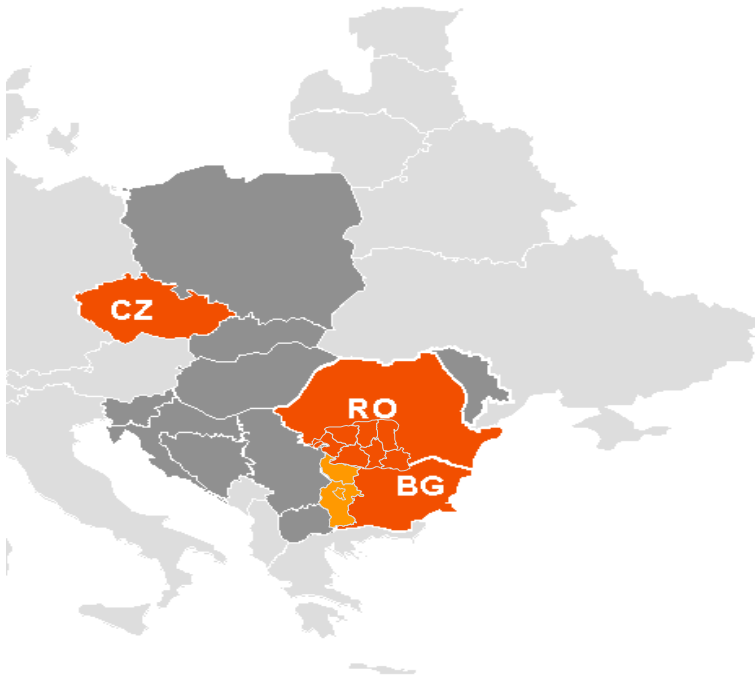
Varna (Bulgaria) <ul style="list-style-type: none">Installed capacity (MW) 1,260Sales (2004, GWh thousands) 2,463Sales (2004, EUR million) 69.9 <ul style="list-style-type: none">Bids submitted (CEZ's bid 2nd highest), deal still openUES RAO submitted highest bids for both, however, competition authority ruled Varna and Ruse can not be controlled by one entity	Ruse (Bulgaria) <ul style="list-style-type: none">Installed capacity (MW) 400Sales (2004, GWh thousands) 421Sales (2004, EUR million) 23.9	Muntenia Sud (Romania) <ul style="list-style-type: none">Number of customers (million) 1.1Sales (2004, TWh) 4.3Sales (2004, EUR million) 286 <ul style="list-style-type: none">Process started in JulyExpected finish by end of 2005
Dolna Odra (Poland) <ul style="list-style-type: none">Installed capacity (MW) 1,950Sales (2004, TWh) 5.6Sales (2004, EUR million) 290 <ul style="list-style-type: none">Pre-final bids (end of August) to be handed over to new post-election government for finalization	Kozienice (Poland) <ul style="list-style-type: none">Installed capacity (MW) 2,820Sales (2004, TWh) 11.8Sales (2004, EUR million) 414 <ul style="list-style-type: none">Pre-final bids (end of August) to be handed over to new post-election government for finalization	Pljevlja (Montenegro) <ul style="list-style-type: none">Installed capacity (MW) 210Sales (2004, GWh, estimate) 1,000(generation assets + 30% share in coal mine)Final bids expected at the end of September 2005



THE INTEGRATION OF THE BULGARIAN EDCs IS PROGRESSING FASTER THAN EXPECTED

Acquisition of distribution in Bulgaria

67% in three EDC (Number 1, 42% market share)



Status

- Control gained faster than expected thanks to tight project management
 - Team of 3 observers quickly extended to international team of 20 professionals covering all important business areas
- Immediate initiation of key projects to improve financials
 - 6 projects targeting quick improvements in key business areas (regulatory management, purchasing, planning and standardization of investment and sales to eligible customers)
 - 4 support projects (finance, corporate governance, organization and communication)
- CEZ is well positioned to management process redesign, unbundling and eventually consolidation of the three EDCs to benefit from best practices implementation



FAST INTEGRATION IN BULGARIA BRINGS TANGIBLE RESULTS

Early results

- Unified organizational structure across all three EDCs implemented
- All three EDCs adopted international accounting standards
- Energy losses were reduced by ~10% in all three EDCs during the first half of 2005
- Coordination of selected activities among EDCs already delivered first cost savings
- CEZ is the only of all distribution companies that obtained trading license in line with legal deadlines
- Tariff application requesting a price increase was submitted to the regulator, however, post-election uncertainty in Bulgaria can delay the regulator's decision

Selected financials – IFRS

EUR million

Name	Stolichno		Sofia Oblast		Pleven		Total		Improvement
	H1 2005	H1 2004	H1 2005	H1 2004	H1 2005	H1 2004	H1 2005	H1 2004	Percent
Sales	95.4	86.0	52.4	50.2	52.3	49.9	200.2	186.0	8%
EBITDA	15.0	11.4	8.4	6.7	6.1	5.4	29.5	23.5	26%
EBIT	9.3	5.2	5.3	4.4	2.2	2.1	16.9	11.7	44%
Net Profit	7.6	4.0	4.0	3.5	1.8	1.6	13.4	9.1	47%

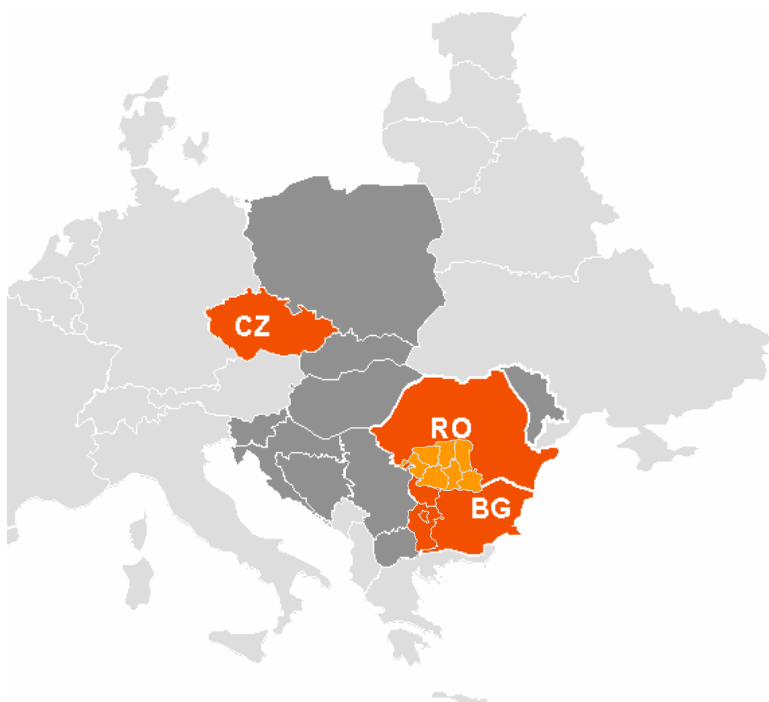
Note: The figures above do not contain some intra group accrual items



THE ACQUISITION OF EDC OLTENIA IS ALMOST COMPLETE AND INTEGRATION HAS STARTED

Acquisition of distribution in Romania

51% share in EDC Oltenia*, adjacent to the Bulgarian EDCs (Number 2, 17% market share)



Status

- CEZ Group selected as a tender winner
- SPA signed; settlement expected in 9/2005
- Strong CEZ management team on the ground combining internal professionals with managers from outside the Group and Romanian experts
- The team currently in the role of observer, consulted on key issues by local management

* 25% share purchase, remainder equity contribution



Appendix



- **Appendix – Czech power market overview**

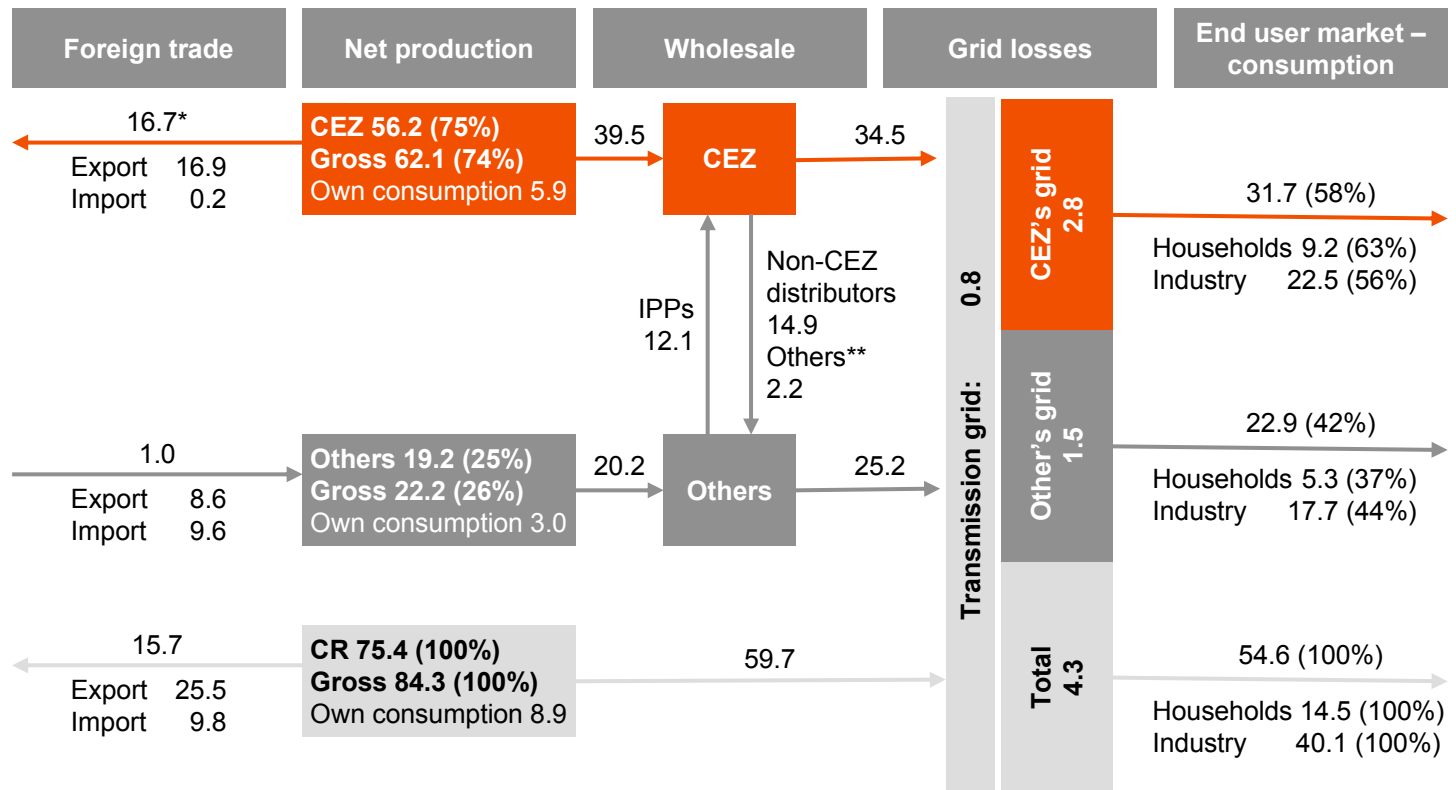
- Nuclear safety and provisions
- Selected historical financial figures



CEZ IS A DOMINANT PLAYER IN ALL SEGMENTS OF THE CZECH ELECTRICITY MARKET ...

Czech electricity market in 2004

TWh

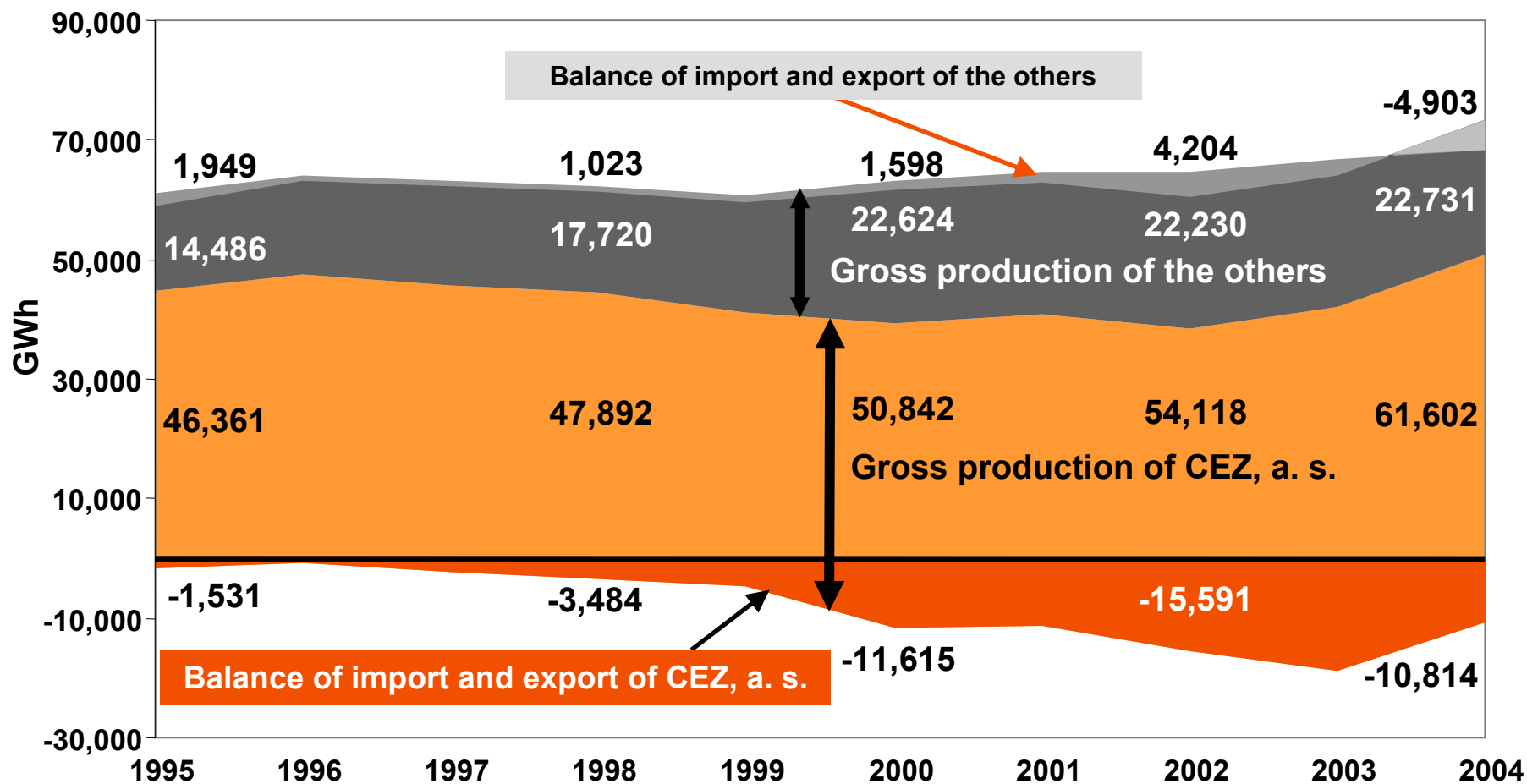


* Includes sales to domestic traders for export, excludes trading on the foreign liquid markets which do not impact volume

** Includes domestic power exchange trading, sales to grid operator to cover grid losses, direct sales to domestic traders for domestic consumption and other domestic sales



... AND HAS ALWAYS BEEN





DEMAND FOR ELECTRICITY IN THE CZECH REPUBLIC IS DRIVEN BY INDUSTRIAL CUSTOMERS

- Installed capacity as of 31st December
- Demand for electricity
- Net electricity generation
- Gross electricity generation

2003

2004

17,344 MW

17,434 MW

54,807 GWh

56,388 GWh

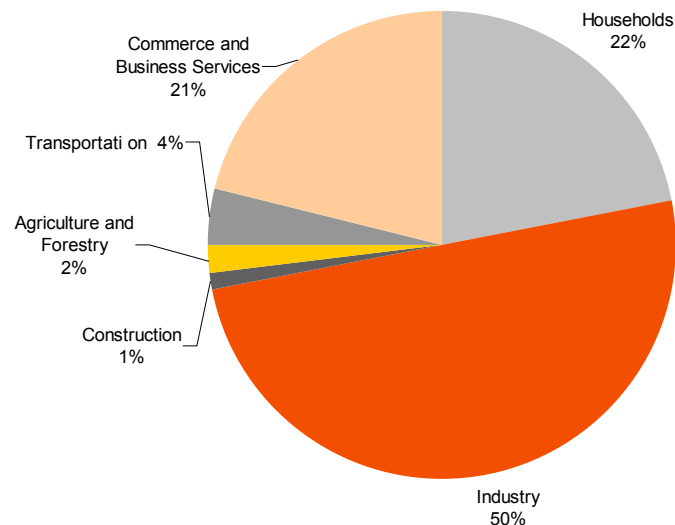
76,659 GWh

77,919 GWh

83,227 GWh

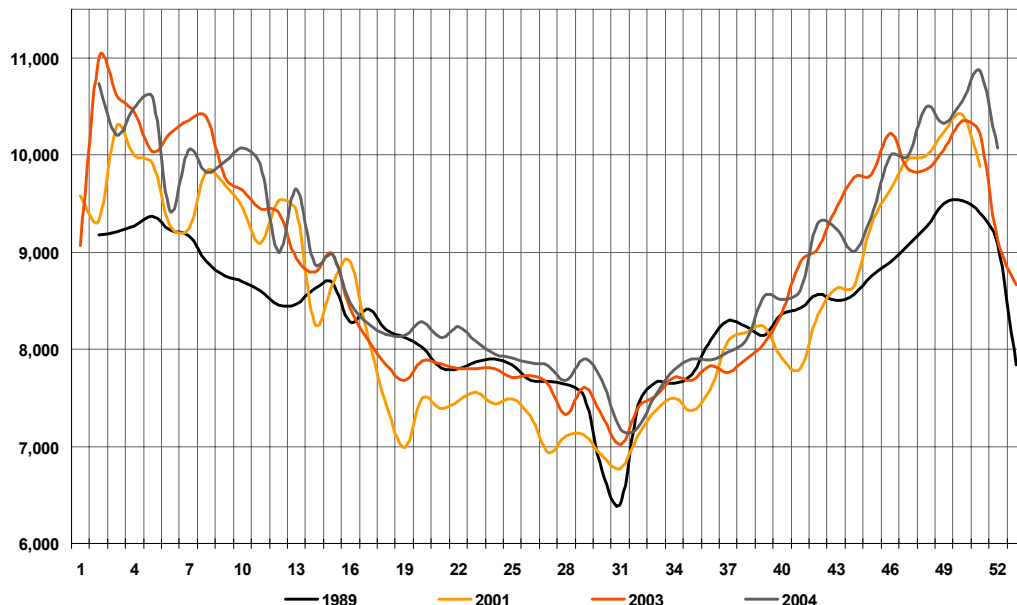
84,333 GWh

Electricity Demand Structure (2003)



Average Weekly Peak Loads on the Transmission Grid Level

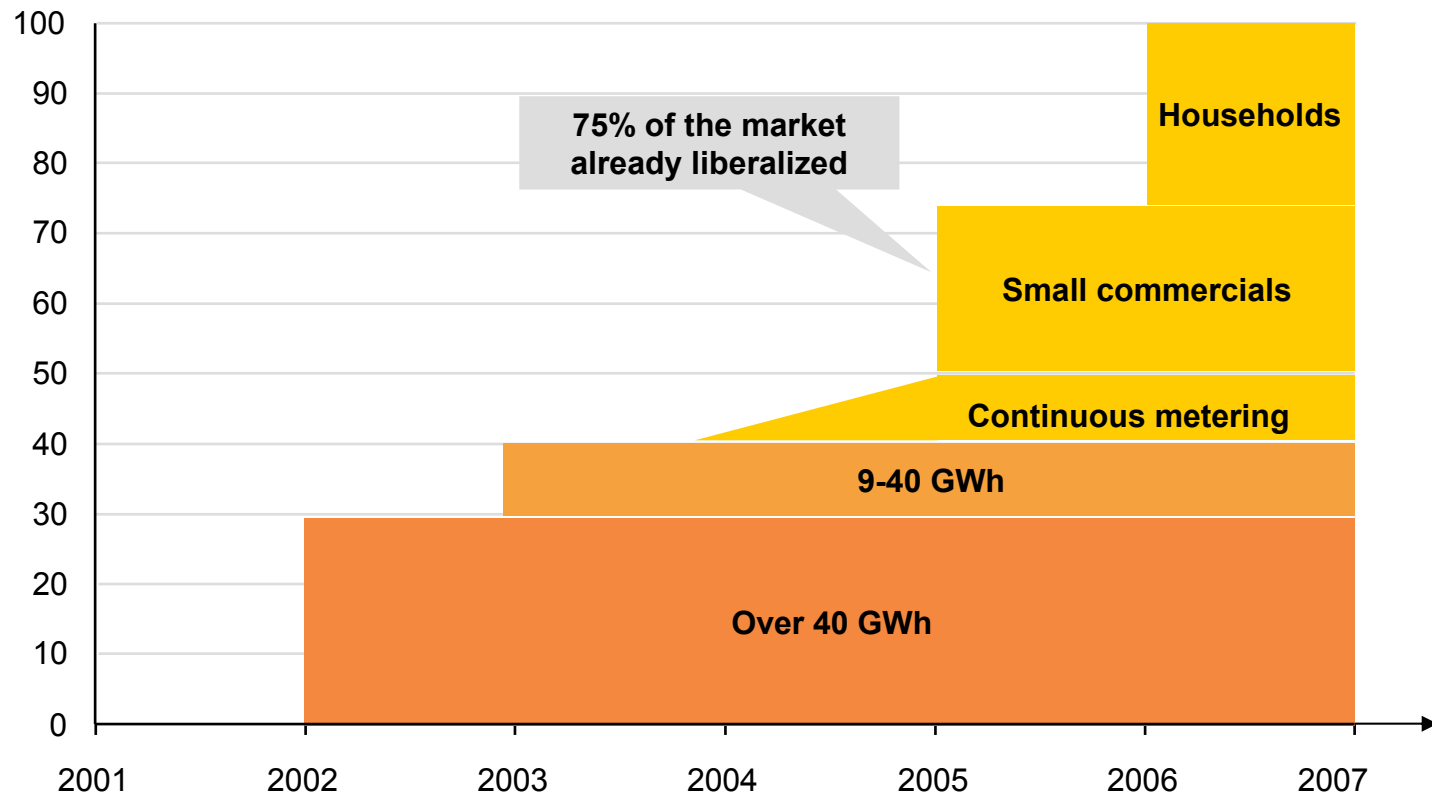
MW (for days Tue-Fri, recalculated for 50 Hz and standard temperature)





ELECTRICITY MARKET TO BE FULLY LIBERALIZED STARTING 2006, 75% LIBERALIZED ALREADY

Time plan of end-user market liberalization in the Czech Republic
Percent





AGENDA

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DUKOVANY IS ONE OF EUROPEAN BEST PERFORMING NUCLEAR POWER PLANTS

TEMELIN

- **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 in cooperation with Westinghouse Electric 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 and safeguard system
 - new type of nuclear fuel
- **Total investment costs**
 - CZK 98.6 bn (USD 4.4 bn) – very competitive amount
- **Commercial operation**
 - 1st Unit since June 2002
 - 2nd Unit since April 2003

**Electricity generation
in 2004: 12,692 GWh**

**Installed capacity:
2 x 1,000 MW**

DUKOVANY

- **Beginning of operation**
 - 1985-87
- **Current highlights**
 - undergoes renovation of its I & C system belongs to world's peak in safety of operation

**Electricity generation
in 2004: 13,632 GWh**

**Installed capacity:
4 x 440 MW**

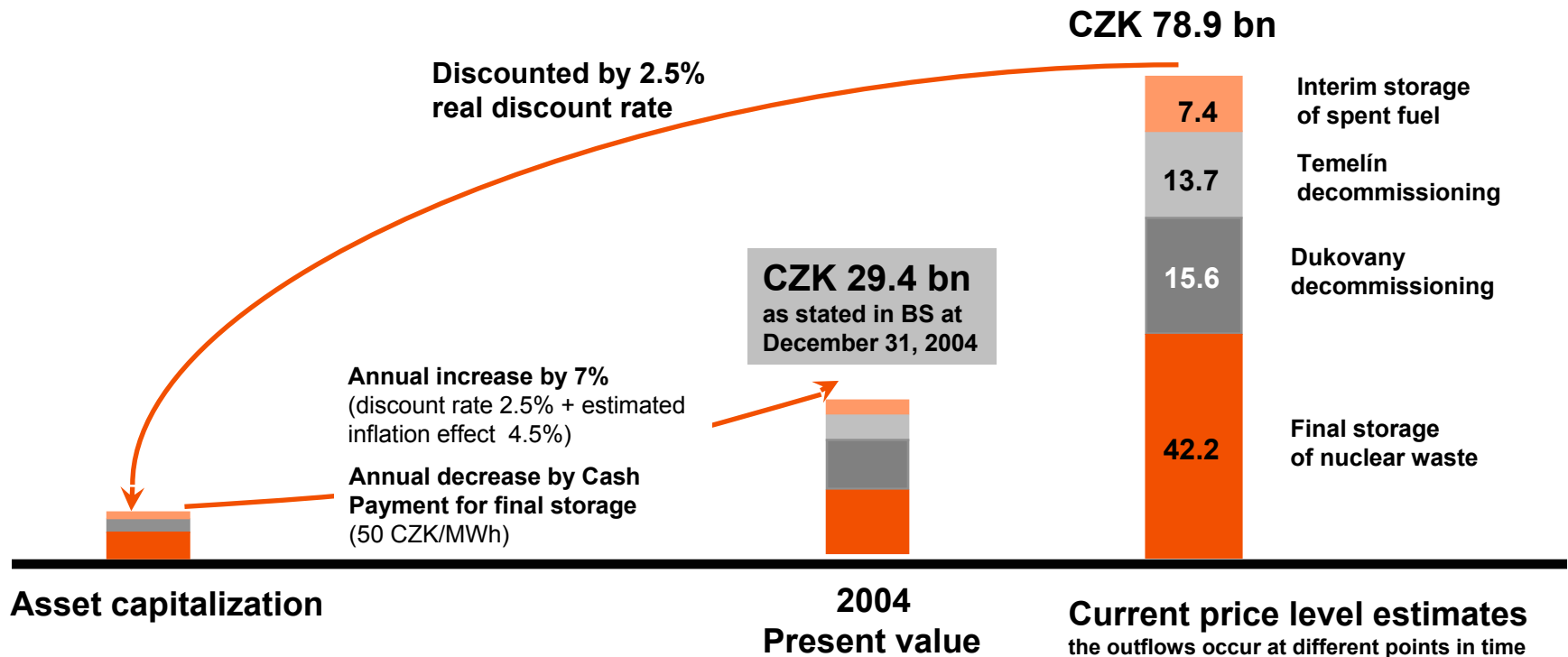


NUCLEAR POWER PLANTS OF CEZ, A. S. ARE INSURED ACCORDING TO INDUSTRY STANDARDS

- 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 US 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 IFRS STATEMENTS ARE FULLY IN LINE WITH IAS 37





NUCLEAR PROVISIONS – CASH FLOW IMPACT

1. NUCLEAR DECOMMISSIONING

Decommissioning of nuclear power plants

- Czech law requires CEZ to have accounting provisions created under Czech Accounting Standards cash funded (starting 2002)
- updated 2004 Temelín cost study – estimate CZK 13.7 bn
- updated 2003 Dukovany – estimate CZK 15.6 bn
- Cost studies updated in regular periods
- funds deposited on escrow accounts owned by CEZ, 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
- provisions created by the end of 2001 should be deposited in cash by 2007 (CZK 3 bn)

Balance of funds as of December 31, 2004: **CZK 1,580 million**

Annual contribution to the escrow account: **CZK 308 million** (Temelin – CZK 153 million, Dukovany CZK 155 million)



NUCLEAR PROVISIONS – CASH FLOW IMPACT

2. FUEL STORAGE

Final Storage radioactive waste and spent fuel

- contribution to the „nuclear account“ at the Czech National Bank
- controlled by the state authority RAWRA (Radioactive Waste Repository Authority)
- contribution stated by a government resolution
- contribution based on a cost study

50 CZK/MWh produced in nuclear power plants

Cash expenditures in 2004: **CZK 1,316 million**

Interim Storage of Spent Nuclear Fuel

- expenditures represent mainly the purchase of interim fuel storage Casks

Cash expenditures in 2004: **CZK 67 million**



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SELECTED HISTORICAL FINANCIALS

CZK

Profit and loss

	<i>CZK bn</i>	2002	2003	2004
Revenues		<u>55.6</u>	<u>84.8</u>	<u>100.2</u>
Sales of electricity		52.9	79.5	92.7
Heat sales and other revenues		2.6	5.3	7.4
Operating Expenses		<u>32.6</u>	<u>54.9</u>	<u>62.6</u>
Purchased power and related services		7.3	21.1	26.5
Fuel		12.9	14.3	14.4
Salaries and wages		3.9	8.0	9.6
Other		8.6	11.5	12.1
EBITDA		<u>22.9</u>	<u>30.0</u>	<u>37.5</u>
<i>EBITDA margin</i>		41%	35%	37%
Depreciation		11.7	17.0	18.4
EBIT		<u>11.2</u>	<u>13.0</u>	<u>19.2</u>
<i>EBIT margin</i>		20%	15%	19%
Net Income		<u>8.4</u>	<u>8.9</u>	<u>13.1</u>

Balance sheet

	<i>CZK bn</i>	2002	2003	2004
Non current assets		216.2	258.5	258.1
Current assets		15.3	19.7	22.7
- out of that cash and cash equivalents		4.2	4.0	7.5
Total Assets		<u>231.5</u>	<u>278.2</u>	<u>280.8</u>
Shareholders equity (excl. minority. int.)		143.7	148.7	158.4
Loans		28.1	39.0	41.9
Other liabilities		59.7	90.5	80.5
Total liabilities		<u>231.5</u>	<u>278.2</u>	<u>280.8</u>



SELECTED HISTORICAL FINANCIALS

EUR

Profit and loss

<i>EUR m</i>	2002	2003	2004
Revenues	1 853	2 827	3 339
Sales of electricity	1 765	2 652	3 092
Heat sales and other revenues	88	176	247
Operating Expenses	1 088	1 828	2 088
Purchased power and related services	244	703	884
Fuel	430	477	479
Salaries and wages	128	266	321
Other	285	382	403
EBITDA	765	999	1 251
<i>EBITDA margin</i>	<i>41%</i>	<i>35%</i>	<i>37%</i>
Depreciation	391	565	613
EBIT	374	433	639
<i>EBIT margin</i>	<i>20%</i>	<i>15%</i>	<i>19%</i>
Net Income	281	296	435

Balance sheet

<i>EUR m</i>	2002	2003	2004
Non current assets	7 207	8 617	8 603
Current assets	509	657	758
- out of that cash and cash equivalents	141	134	252
Total Assets	7 716	9 274	9 361
	0	0	0
Shareholders equity (excl. minority. int.)	4 789	4 958	5 280
Loans	937	1 299	1 396
Other liabilities	1 990	3 017	2 685
Total liabilities	7 716	9 274	9 361