



CONFERENCE CALL  
CEZ, A. S., I. – III. Q 2005 RESULTS

UNAUDITED UNCONSOLIDATED  
ACCORDING TO IFRS

**Prague, October 31, 2005**



## AGENDA

- **Economic performance**  
Petr Vobořil, Chief Finance Officer and Vice Chairman of the Board of Directors
- **Main events and sales performance**  
Alan Svoboda, Chief Sales Officer and Vice Chairman of the Board of Directors
- **Operational excellence in generation**  
Jiří Borovec, Chief Production Officer



## ECONOMIC PERFORMANCE IN I. – III. Q 2005

- **Price of CEZ's share on the Prague Stock Exchange** rose during I. – III. Q from CZK 341 to CZK 739 (by 117%) and reached CZK 634 on October 27<sup>th</sup>, 2005.
- **Operating profit (EBIT)** grew by 60% to CZK 15.0 bn, y-on-y, increase of CZK 5.6 bn.
- **Net income** rose by 94% to CZK 13.4 bn (increase of CZK 6.5 bn) y-o-y.
- **We are increasing our full 2005 non-consolidated net income forecast** to CZK 16.0 bn.
- **ROE** increased by 82% y-o-y; we expect a 45% increase on annual basis.
- **Moody's improved credit rating** of CEZ.



## EBIT INCREASED Y-O-Y BY 60% TO CZK 15 BN, INCREASE OF CZK 4.9 BN

(in CZK millions)	I. - III. Q 2004	I. - III. Q 2005	Diff 05-04	Index 05/04 (%)
Revenues	45,700	49,750	4,050	108.9
Sales of electricity	44,168	48,133	3,965	109.0
Heat sales and other revenues	1,532	1,617	85	105.5
Operating expenses	36,332	34,791	-1,541	95.8
Fuel	10,458	10,299	-159	98.5
Purchased power and related services	6,497	5,538	-959	85.2
Repair and maintenance	2,320	1,896	-424	81.7
Salaries and wages	2,910	3,228	318	110.9
Materials and supplies	1,239	1,262	23	101.9
Other operating expenses	2,763	2,404	-359	87.0
<b>EBITDA</b>	<b>19,513</b>	<b>25,123</b>	<b>5,610</b>	<b>128.7</b>
Depreciation and amortization	10,145	10,164	19	100.2
<b>Income before other expenses/income and income taxes - EBIT</b>	<b>9,368</b>	<b>14,959</b>	<b>5,591</b>	<b>159.7</b>

### Main impacts

- higher wholesale margin
- lower electricity production
- lower purchase of electricity for resale
- decrease of repair and maintenance costs (lower level of overhauls and lower repair costs of hydro power plants)



## NET INCOME GREW YEAR-ONYEAR BY 94% TO CZK 13.4 BN (INCREASE OF CZK 6.5 BN)

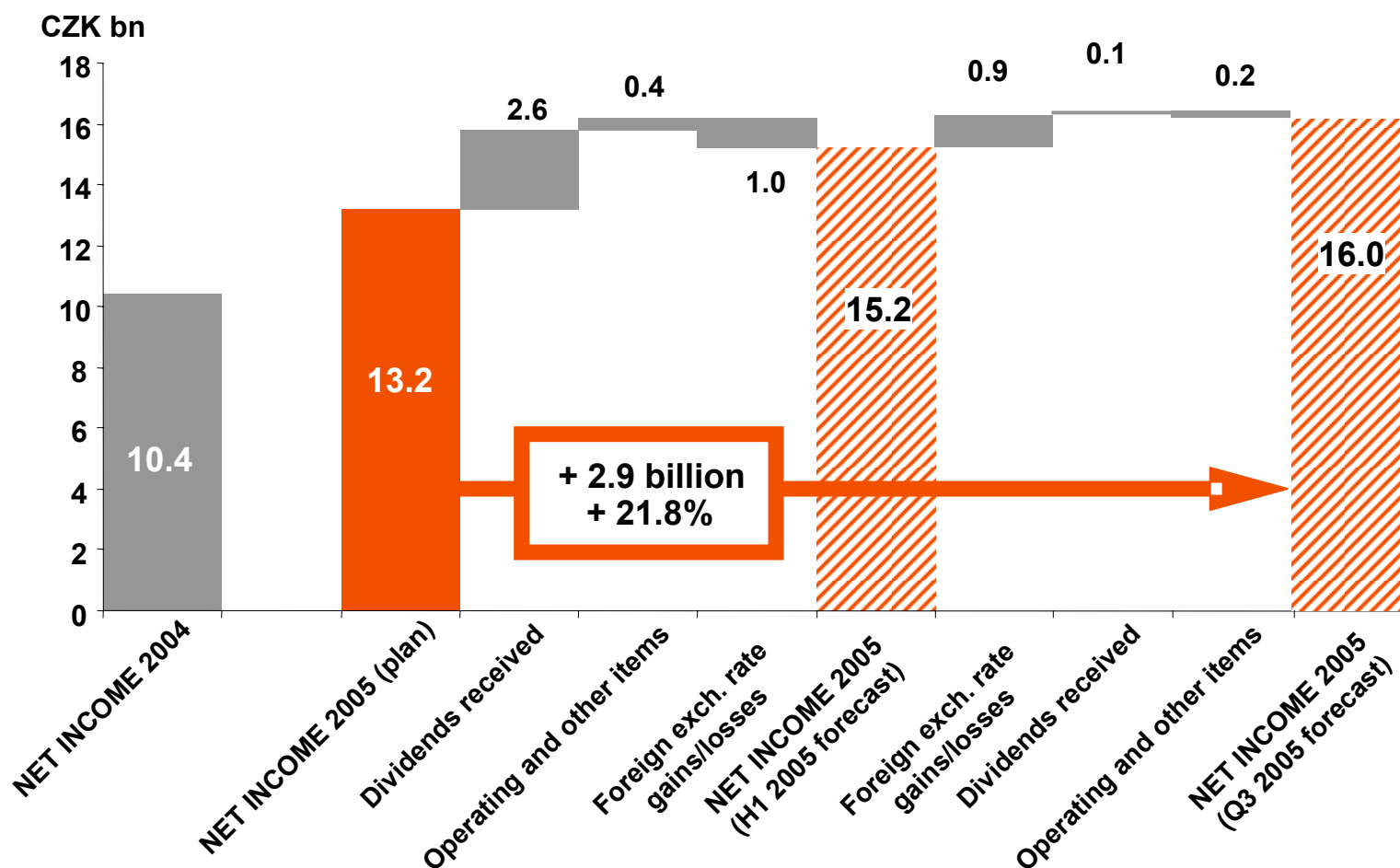
(in CZK millions)	I. - III. Q 2004	I. - III. Q 2005	Diff. 05-04	Index 05/04 (%)
<b>Income before other expenses/income and income taxes</b>	<b>9,368</b>	<b>14,959</b>	<b>5,591</b>	<b>159.7</b>
<b>Other expenses/income</b>	<b>327</b>	<b>-1,244</b>	<b>-1,571</b>	<b>x</b>
Interest on debt	1,200	1,234	34	102.8
Interest on nuclear provisions	1,470	1,537	67	104.6
Interest income	-114	-130	-16	114.0
Foreign exchange rate losses/gains, net	-121	364	485	x
Other expenses/income, net	-2,108	-4,249	-2,141	201.6
from which: dividends received	-1,679	-4,058	-2,379	241.7
gains/losses from sales of securities and shares	-571	0	571	0.0
<b>Income before income taxes</b>	<b>9,041</b>	<b>16,203</b>	<b>7,162</b>	<b>179.2</b>
Income taxes	2,119	2,783	664	131.3
<b>Net income</b>	<b>6,922</b>	<b>13,420</b>	<b>6,498</b>	<b>193.9</b>

### Main non-operating drivers CZK bn

- + 2.4 dividends received
- 0.7 income taxes
- 0.6 gains/losses from sales of securities and shares
- 0.5 foreign exchange rate losses



## NON-CONSOLIDATED NET INCOME FORECAST FOR FULL YEAR 2005 INCREASED DURING III. Q TO CZK 16 BILLION

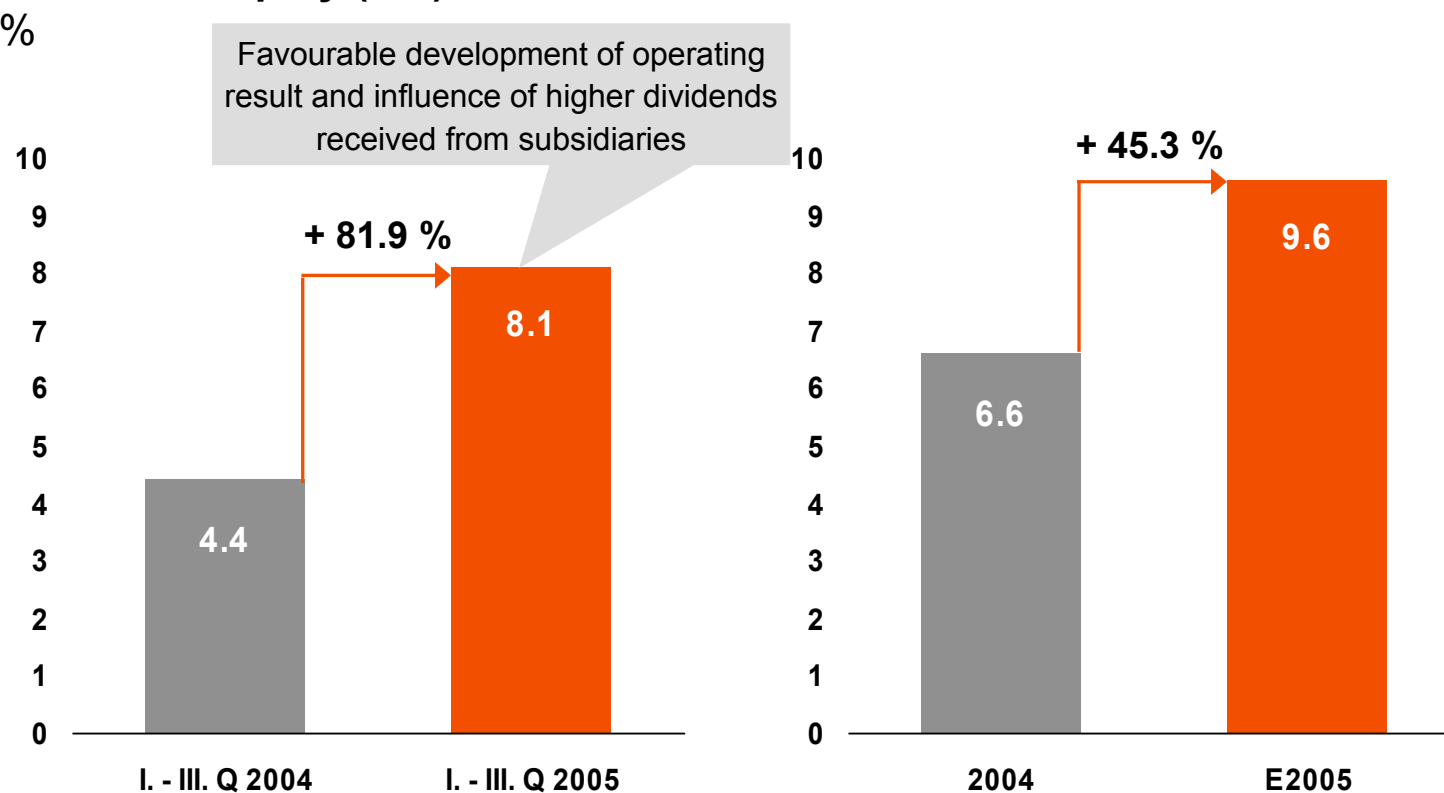




ROE INCREASED BY 82% Y-O-Y; WE EXPECT 45% INCREASE ON ANNUAL BASIS

### Return on Equity (net)

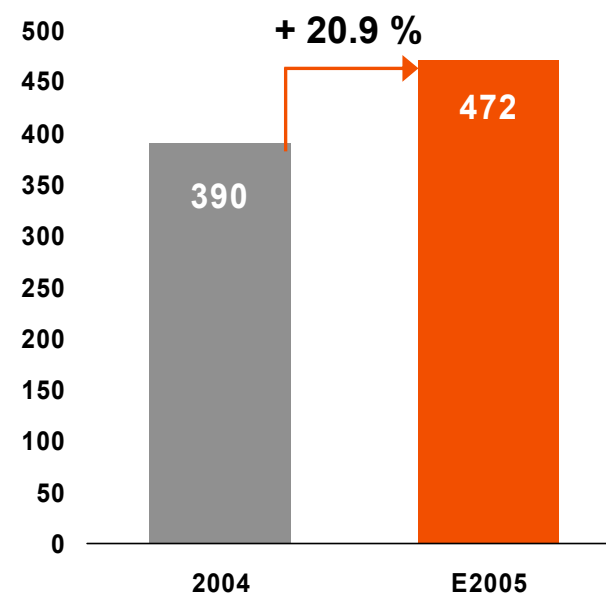
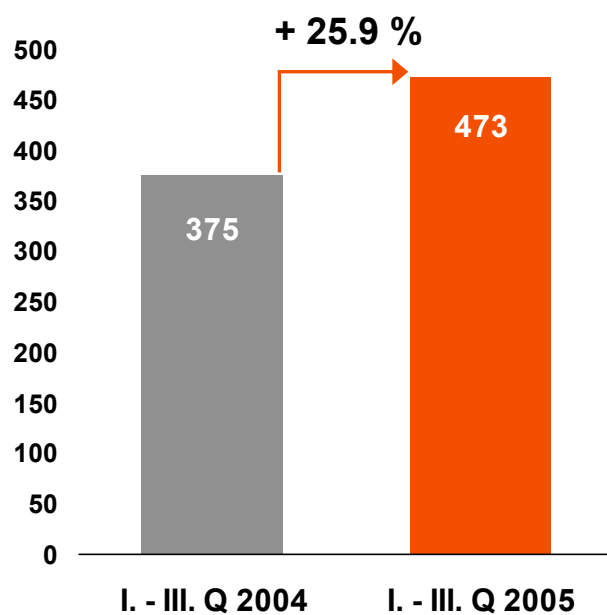
%





## VALUE ADDED PER EMPLOYEE AND MONTH INCREASED BY 26 %

**Value added per employee and month**  
CZK thousands / month / person

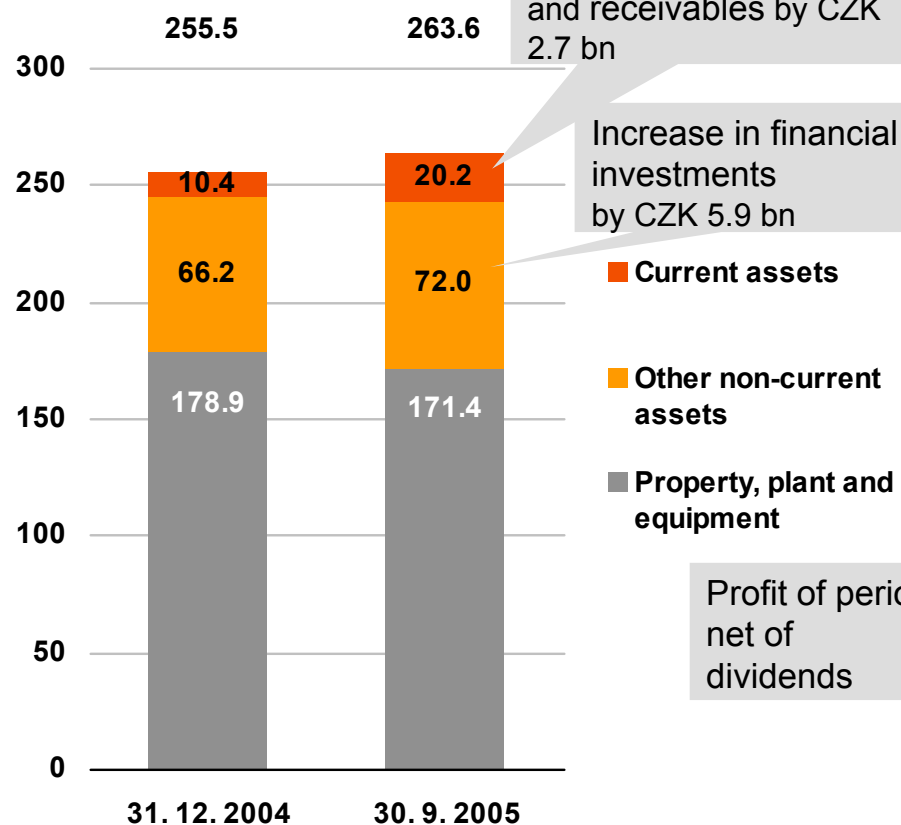




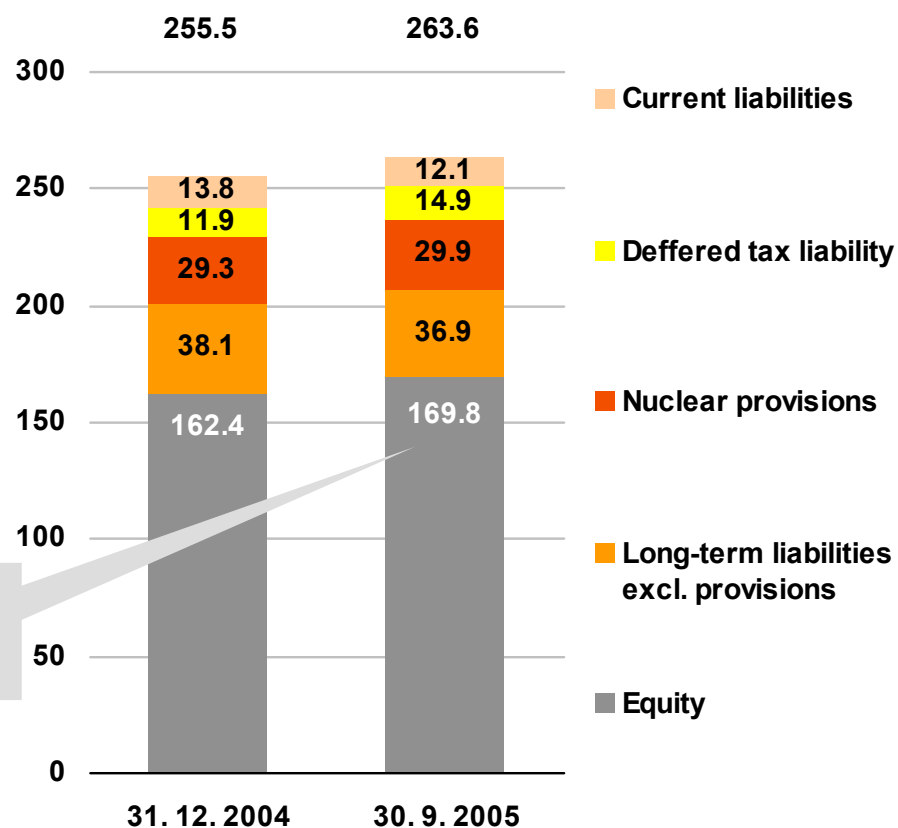


## BALANCE SHEET REMAINS ROBUST

### ASSETS CZK bn

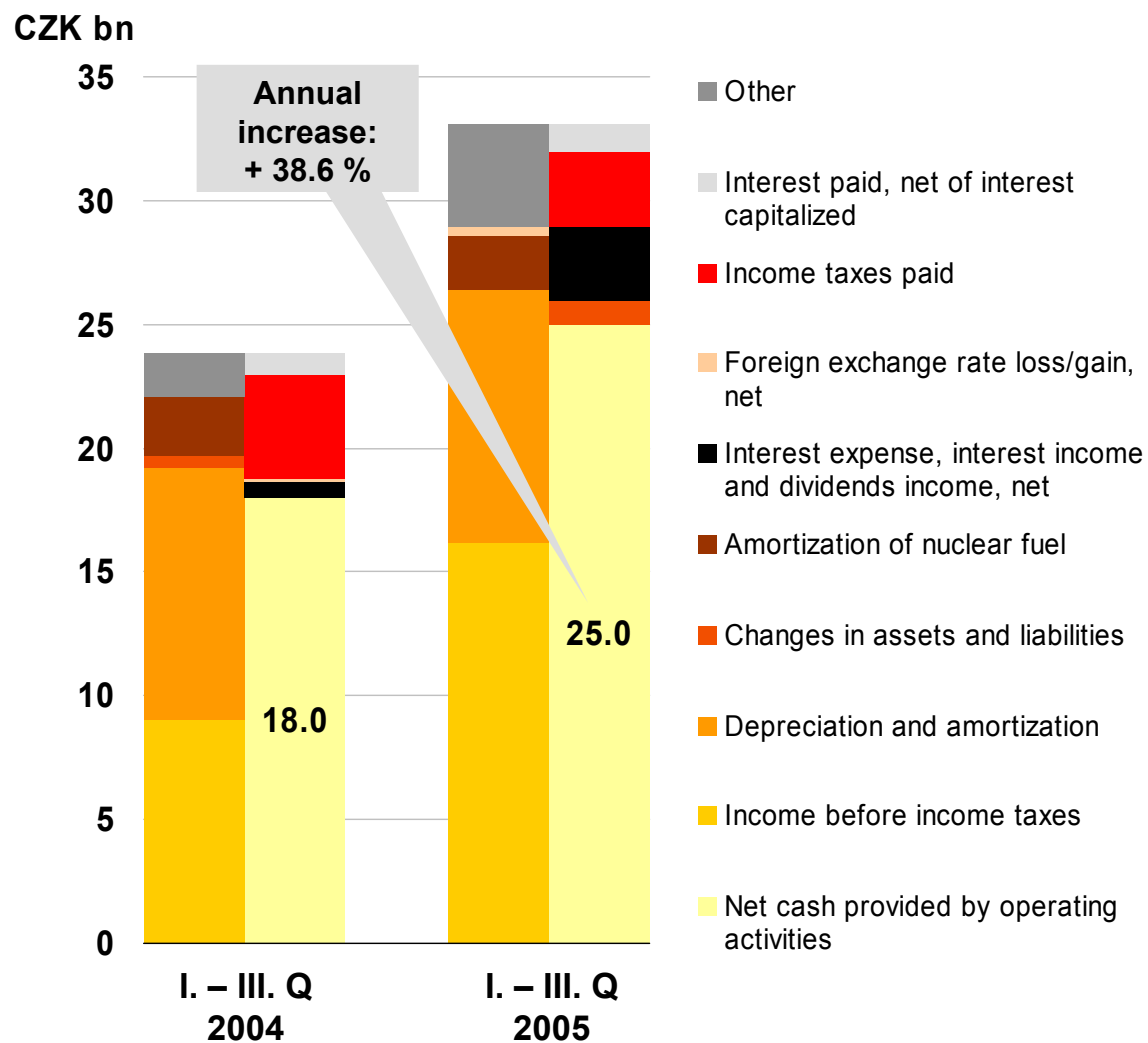


### EQUITY & LIABILITIES CZK bn





## CASH FLOW FROM OPERATING ACTIVITIES INCREASED

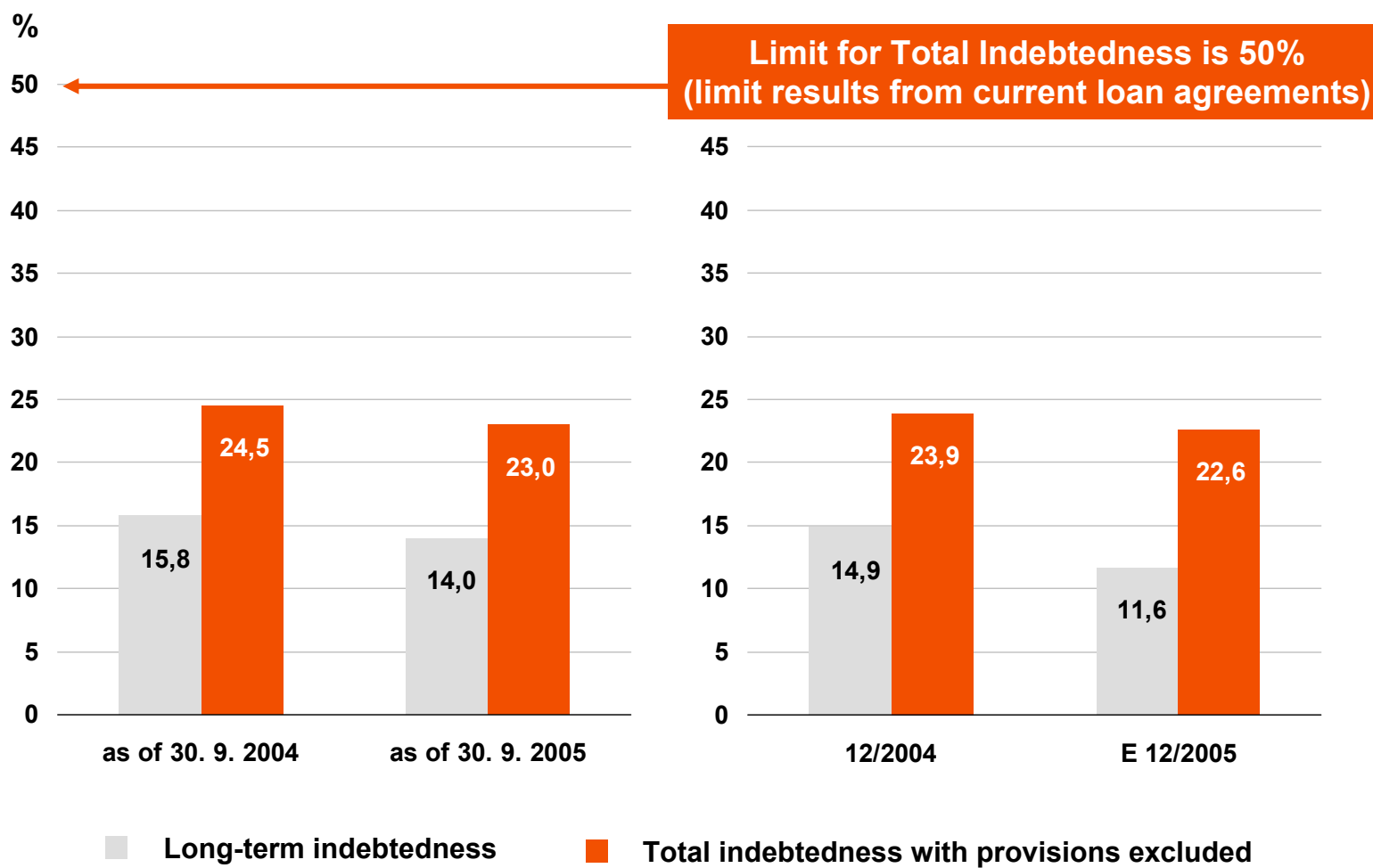


### Main impacts in CZK bn

- + 7.2 increase of EBT
- + 1.2 decrease of income taxes paid
- 1.5 change in receivables



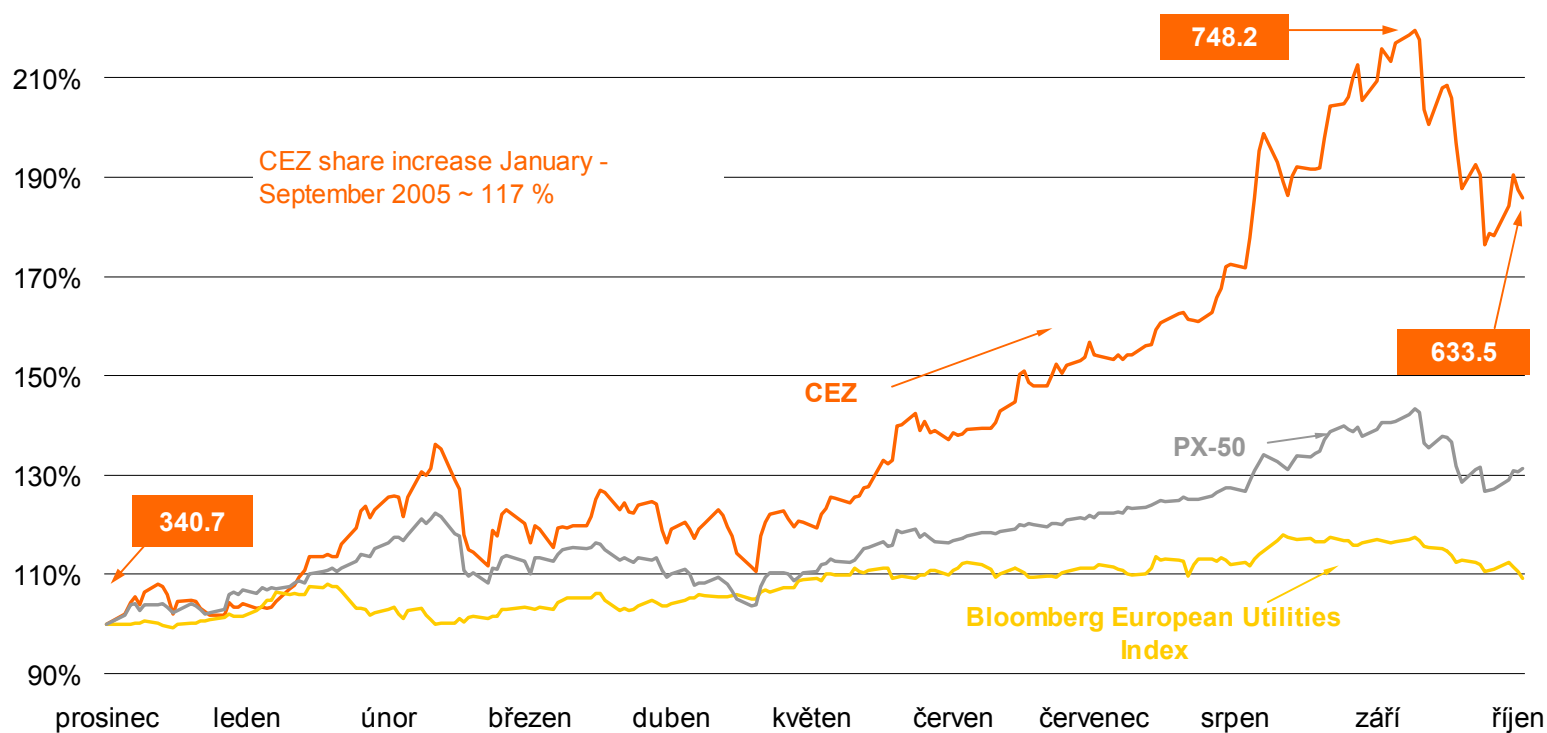
## DEBT RATIOS





PRICE OF CEZ'S SHARE ON PRAGUE STOCK EXCHANGE ROSE DURING I. – III. Q FROM CZK 341 TO CZK 739 (BY 117%) AND REACHED CZK 634 ON OCTOBER 27TH, 2005

### Share price and stock exchange indices %



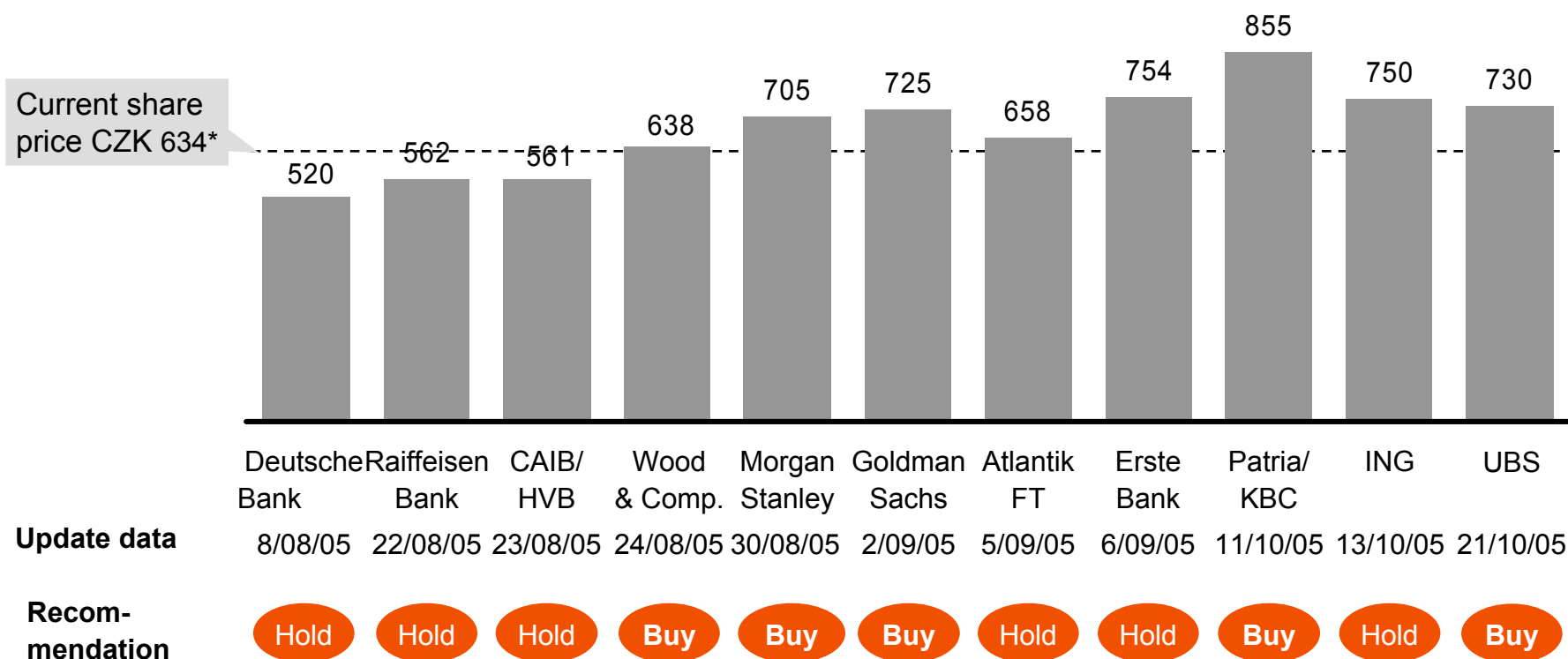
Indexed to Jan 3, 2005

Source: CEZ, EEX, PSE



## ANALYSTS AGREE ON POSITIVE OUTLOOK OF CEZ PERFORMANCE

### Target share prices – published in III. Q 2005 CZK

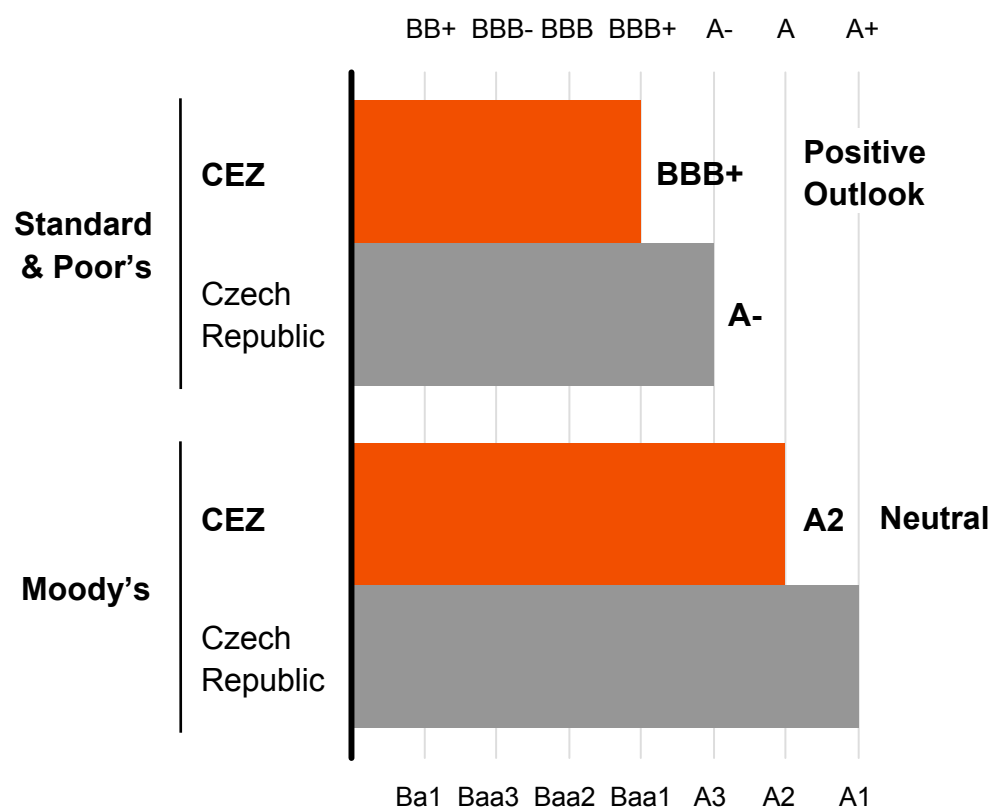


\*) As of October 27<sup>th</sup>, 2005



## MOODY'S INCREASED CREDIT RATING IN SEPTEMBER 2005

### Credit rating of CEZ and Czech Republic



#### Moody's

- changed long-term credit rating from **A3** to **A2**, stable outlook unchanged (September 2005).



# OVERVIEW OF KEY SUBSIDIARIES UNCONSOLIDATED

## I. – III. Q 2005 RESULTS

### Companies in the Czech Republic

Company Name	SCE	SME	STE	VCE	ZCE	CEZ Zakaz. sluzby	CEZData	CEZnet	CEZ Mereni
Sales	8,783	10,857	9,278	9,108	5,690	394	1,139	851	317
EBITDA	1,515	1,835	1,475	1,458	1,052	110	420	435	89
EBIT	1,020	1,244	952	975	708	109	31	245	82
Net Profit	798	1,020	700	828	559	110	32	224	61

### Foreign companies

Company Name	ER Pleven	ER Sofia Oblast	ER Stolichno
Sales	2,260	2,220	3,936
EBITDA	264	354	595
EBIT	88	216	340
Net Profit	59	146	277

I. – III. Q 2005

CZK m

As of September 30, 2005 consolidated CEZ Group consisted from 31 companies fully consolidated and 6 companies consolidated by equity method.



## AGENDA

- **Economic performance**

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- **Main events and sales performance**

Alan Svoboda, Chief Sales Officer and Vice Chairman of the Board of Directors

- **Operational excellence in generation**

Jiří Borovec, Chief Production Officer





## MAIN EVENTS AND SALES PERFORMANCE

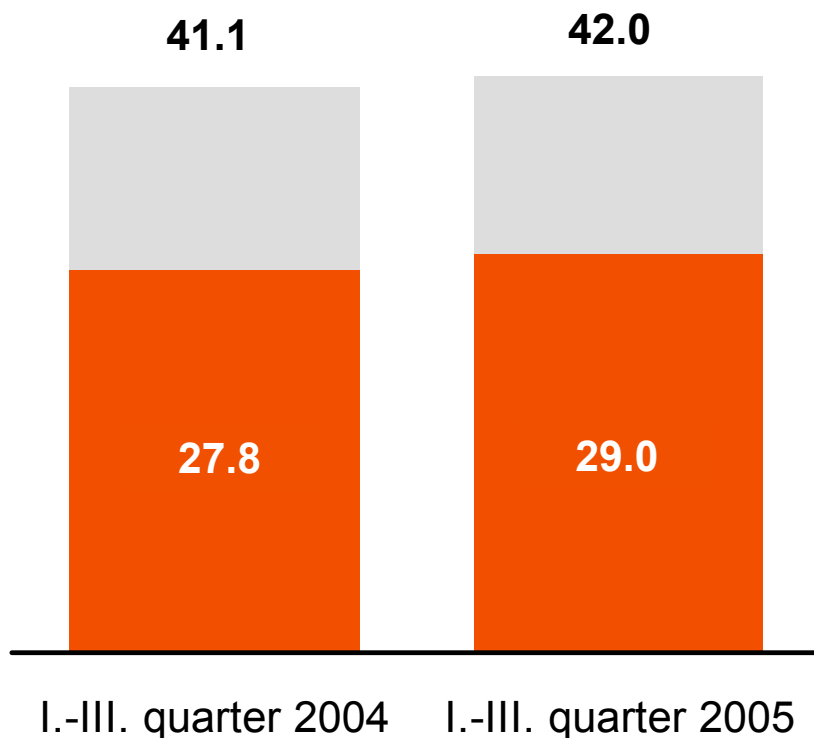
- Demand for electricity as well as CEZ's share in supply increased y-o-y
- Revenues from electricity sales grew mainly due to wholesale price increase
- In-house generation slightly decreased compared to record year 2004
- CO<sub>2</sub> allowances arbitrage helps to protect CEZ export margins
- International CO<sub>2</sub> trading successfully introduced also in the CR
- CEZ successfully sold electricity for 2006 in auctions
- Virtual power plant further extended wholesale electricity supply in the Czech wholesale market
- Czech wholesale prices remain 30% below prices abroad
- Sales in the wholesale market for 2006 grew by 4.1% to 38.5 TWh
- Export capacities from CR are likely to grow in 2006
- In the next few years we expects significant reduction of demand for cross-border transmission capacities
- ČEZ introduced new ecological program „Green Energy“



## DEMAND FOR ELECTRICITY AS WELL AS CEZ'S SHARE IN SUPPLY INCREASED YEAR-ON-YEAR

### Electricity demand in CR TWh

- Electricity demand in CR
- CEZ share on end user supply

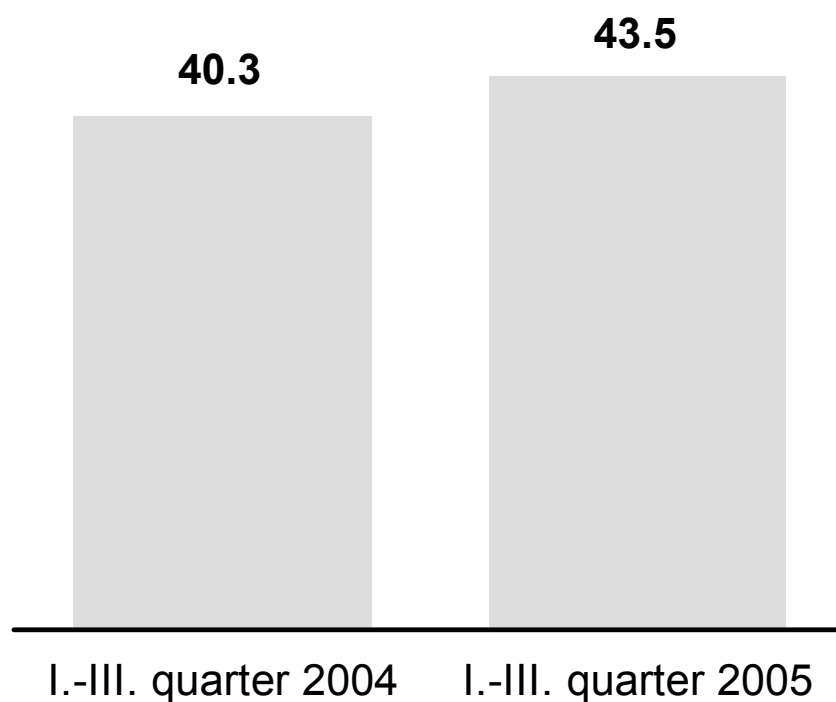


- Demand in the CR grew by 2.3% y-o-y
- CEZ's share in covering the CR demand increased by 4.4%. The increase was partially influenced by transfer of purchasing from IPPs from distributors to CEZ



## REVENUES FROM ELECTRICITY SALES FREW MAINLY DUE TO WHOLESALE PRICE INCREASE

Electricity sales excl. auxiliary services  
CZK bn



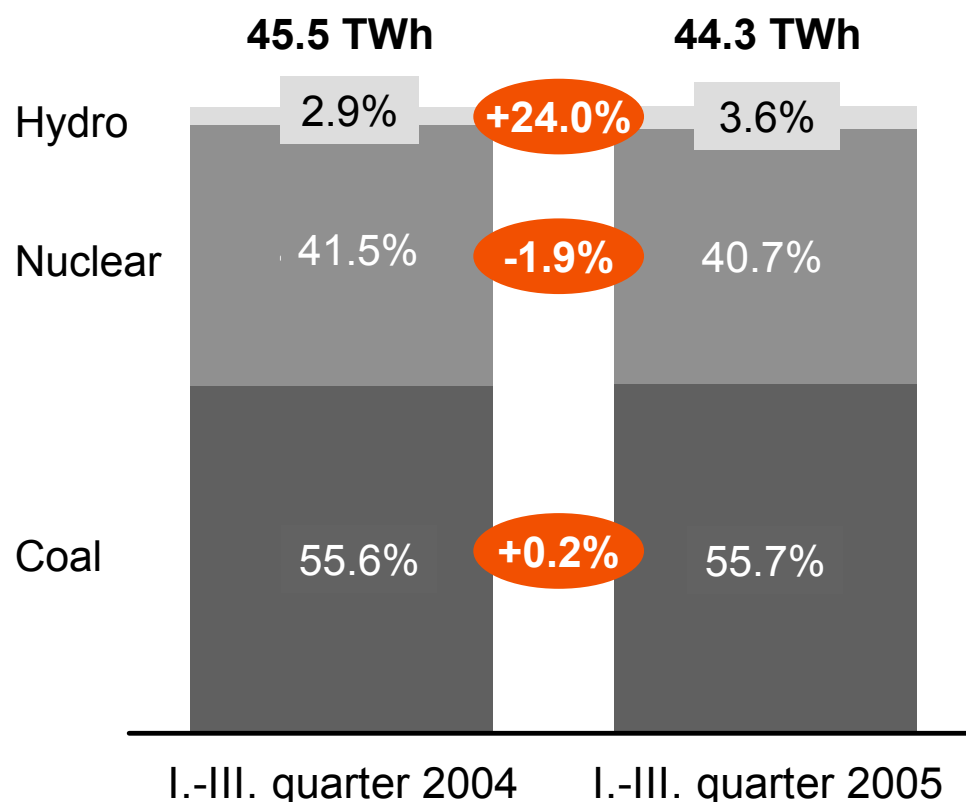
### Key contributors

- Wholesale price increase
- Lower purchases of electricity for resale
- Lower electricity production



## IN-HOUSE GENERATION SLIGHTLY DECREASED COMPARED TO RECORD YEAR 2004

### Total production split by fuel type %



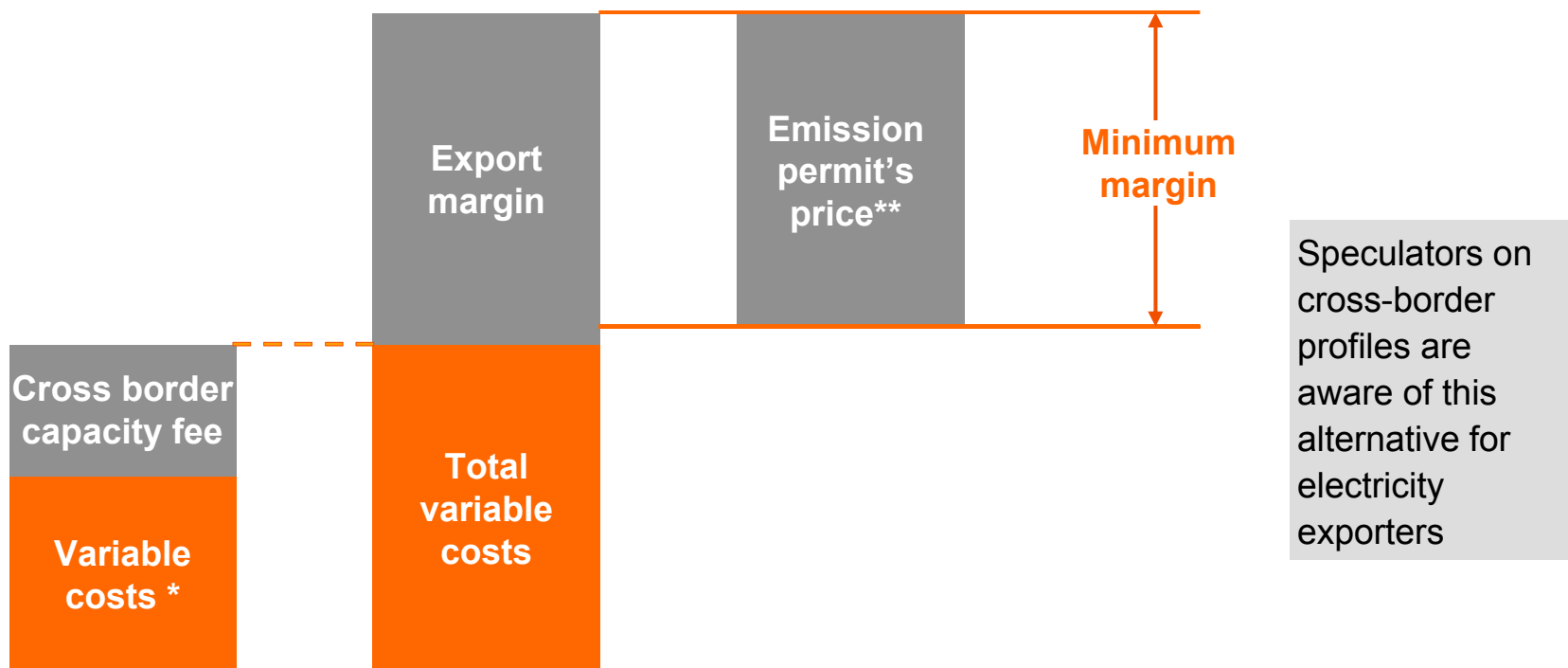
- Lower contribution of nuclear power plants as a result of lower Temelin output
- Slight decrease compared to record volumes of 2004 (-2.6%) due to high cross-border transmission charges and competition of Polish exporters



# CO<sub>2</sub> ALLOWANCES ARBITRAGE HELPS TO PROTECT CEZ EXPORT MARGINS

CO<sub>2</sub> allowances arbitrage  
EUR/MWh

ILUSTRATIVE



\* 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

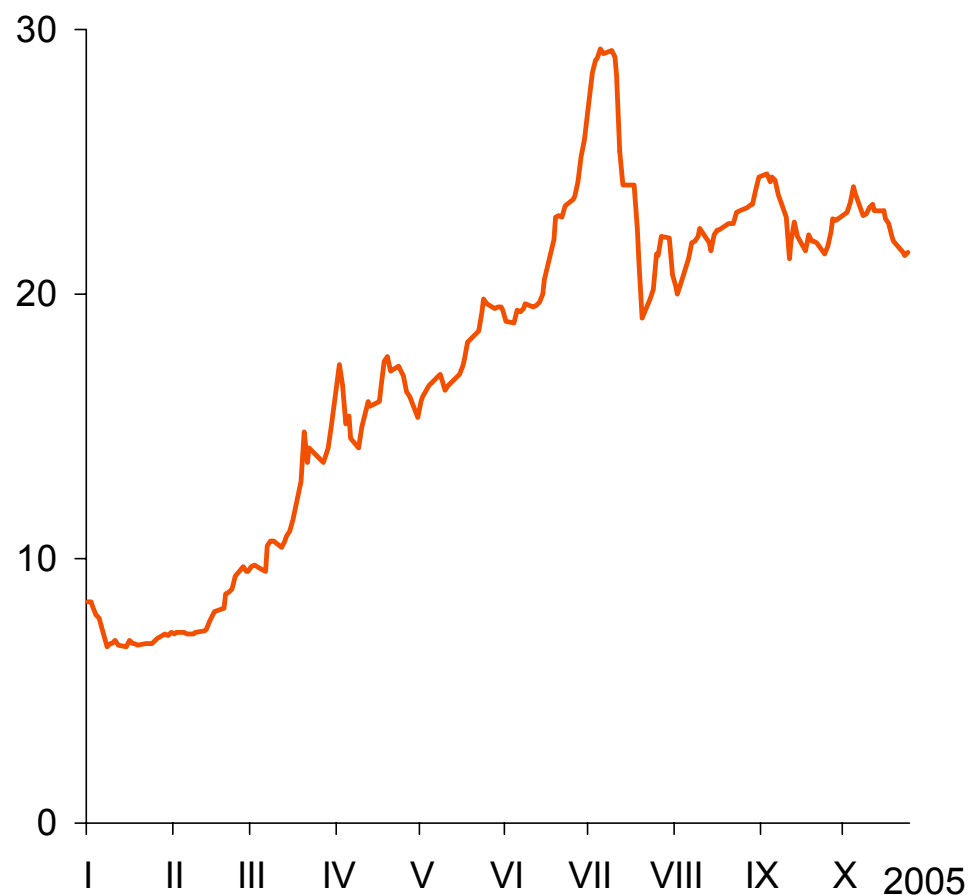
source: CEZ



## INTERNATIONAL CO<sub>2</sub> TRADING SUCCESSFULLY INTRODUCED ALSO IN THE CR

- Czech National Allowances Registry started on October 14, 2005 as 1st among new 10 EU member states
- The Registry is fully operational, CEZ tested international transfers already
- CEZ concluded contracts with largest European traders and registration at ECX exchange in Amsterdam is pending
- EU allowances deficit is estimated at some 50 millions tons p.a., therefore, the price should not decline in the long term, it is more likely to grow
- **Ways to cover deficit**
  - Increase generation in nuclear power plants
  - Consumption decline, eg. in energy heavy industries
  - Transfer of allowances from East to West
  - New technologies

**CO<sub>2</sub> allowance prices in the European market**  
EUR/t





## CEZ SUCCESSFULLY SOLD ELECTRICITY FOR 2006 IN AUCTIONS

### **„Virtual Power Plant“ auction**

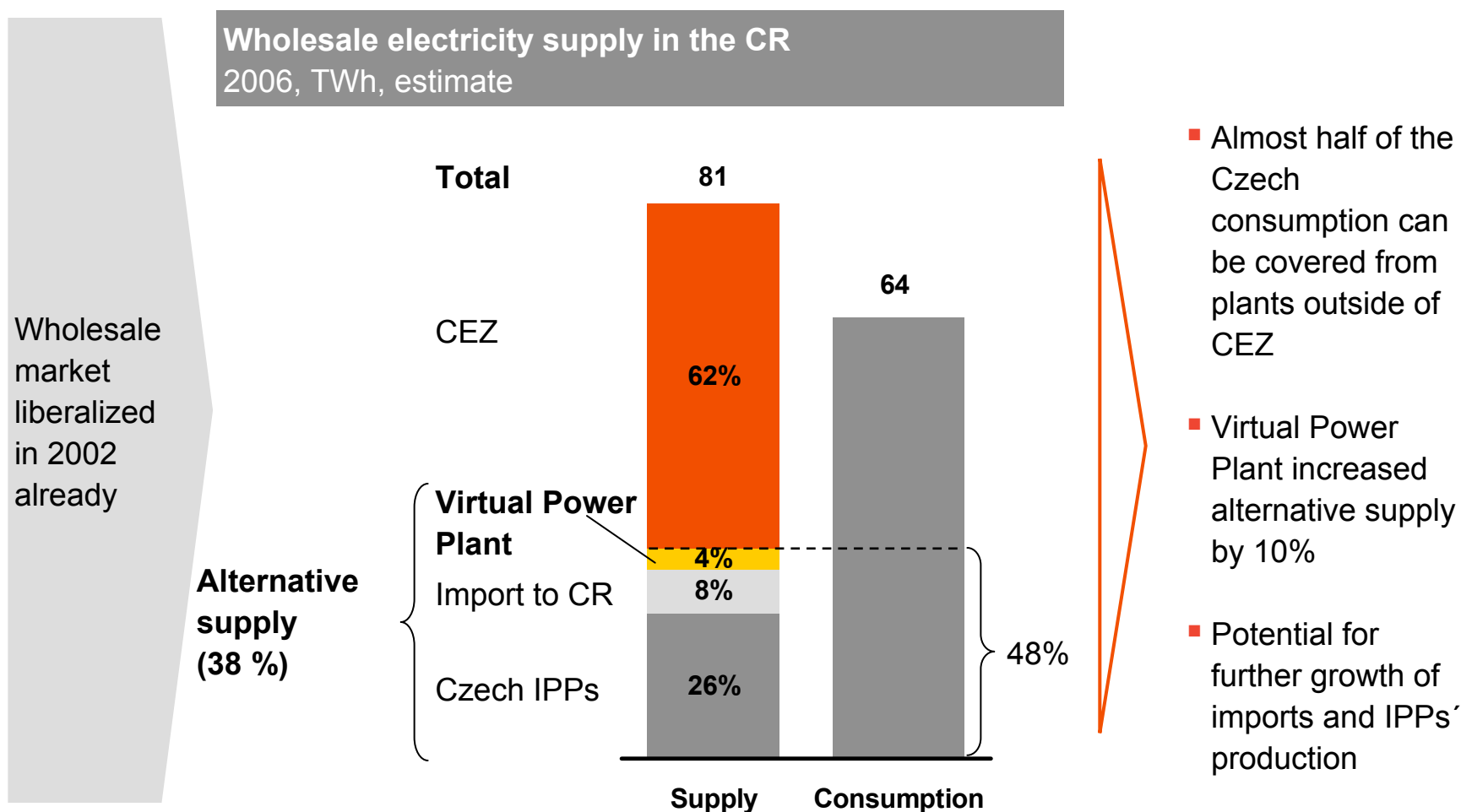
- In line with antimonopoly office ruling on August 8, 2005 CEZ held auction for Virtual Power Plant with 400 MW capacity split to 8 units
- 16 participants submitted more than 40 bids
- The whole capacity was sold in the first round already
- Resulting price equalled **~15%** increase compared to 2005

### **Auction of Rainbow Electricity**

- Wholesale electricity auction took place in August (deadline 22. 8. 2005)
- Auction had two rounds – standardized products were sold in the first round (annual or monthly off-take, etc.), flexible products were sold in the second round („white electricity“)
- 13.2 TWh was sold in the auction at an average price of 1,143 CZK/MWh, i.e.. average annual increase of **14.3 %**



## VIRTUAL POWER PLANT FURTHER EXTENDED WHOLESALE ELECTRICITY SUPPLY IN THE CZECH WHOLESALE MARKET



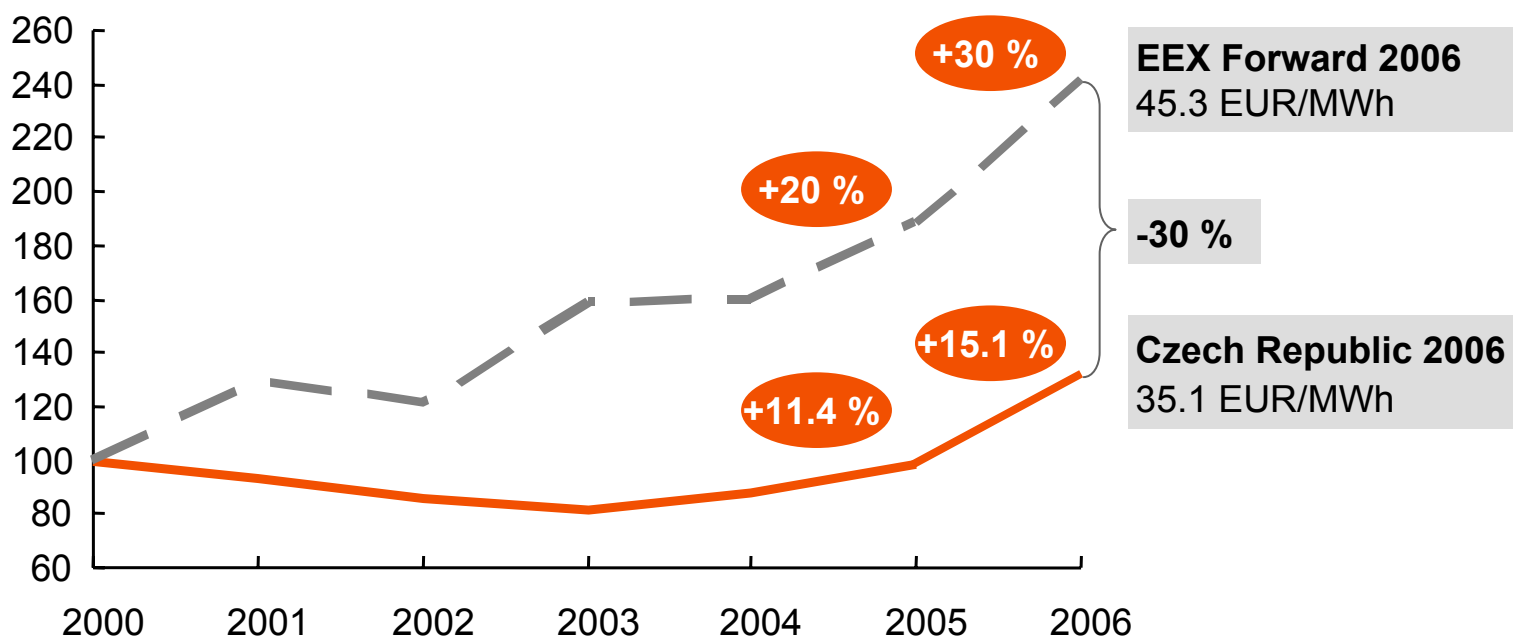




## CZECH WHOLESale PRICE REMAIN 30% BELOW PRICES ABROAD

### Wholesale electricity price (baseload)

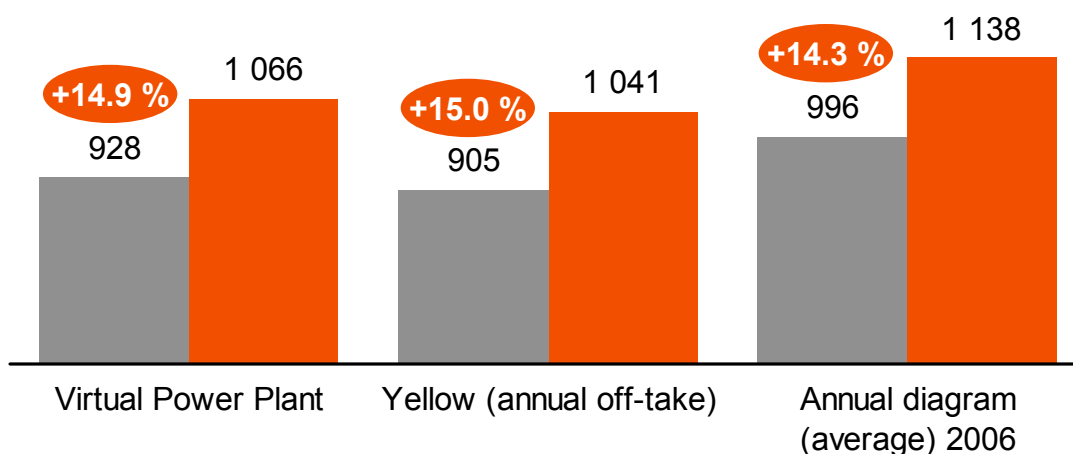
2000 index





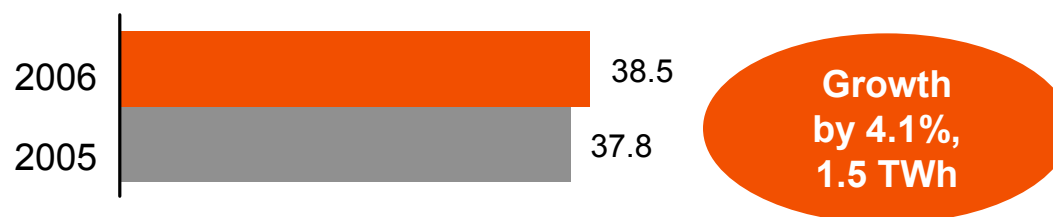
## SALES IN THE WHOLESALE MARKET FOR 2006 GREW BY 4.1% TO 38.5 TWH

### Average wholesale price change CZK/MWh



- 38.5 TWh sold in the domestic market is ~90% of total volume expected for 2006
- Additional 10 TWh for exports to south east already contracted or under negotiation

### Volume sold TWh



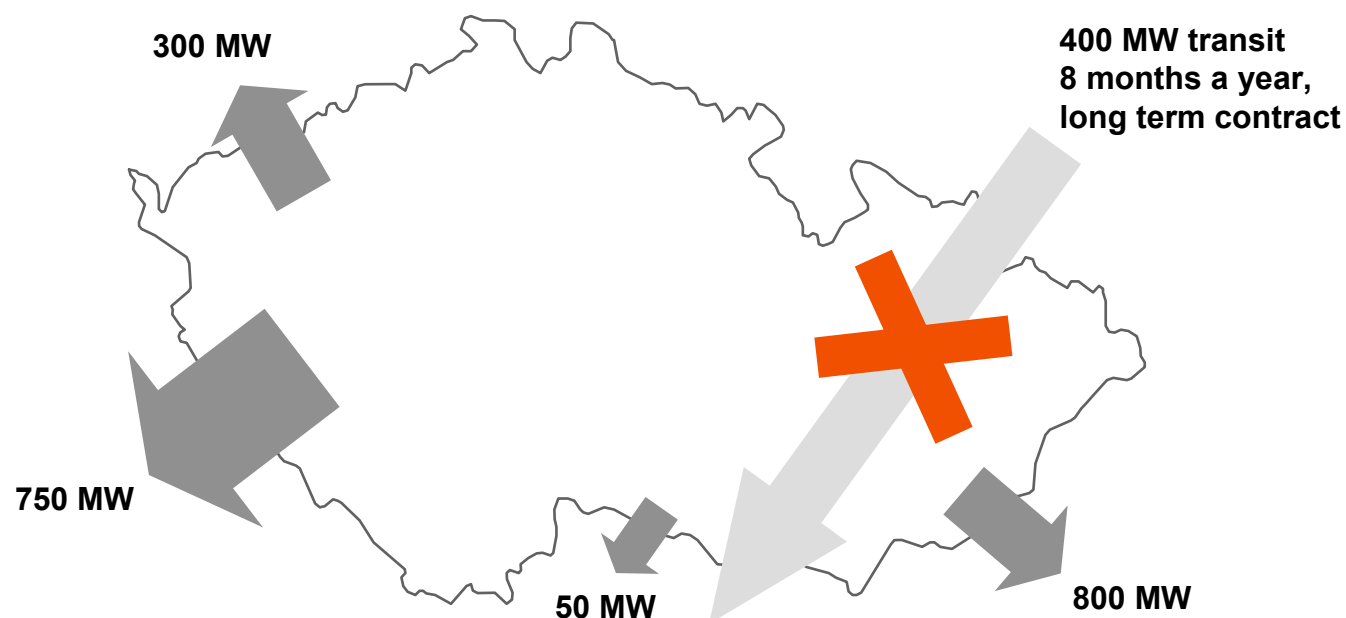
\* Sale of Virtual Power Plant and Rainbow Electricity from CEZ's plants including sales to CEZ Prodej (31.2 TWh in 2006)



## EXPORT CAPACITIES FROM CR ARE LIKELY TO GROW IN 2006

### Cross-border transmission capacities development

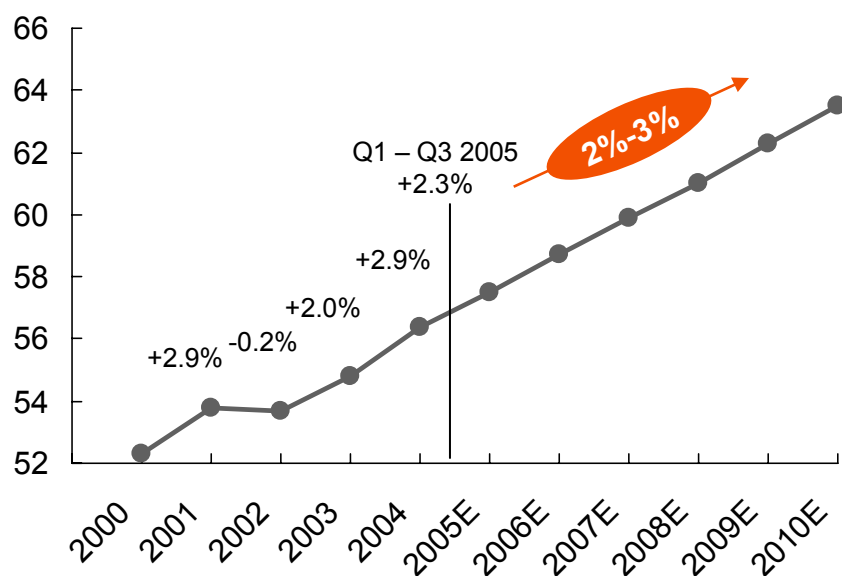
- This year:
  - Residual export capacity to Austria was increased (1 TWh in Q1-Q3)
  - Temporary decrease of capacities to Germany due to lines outages (March, May, September)
- In annual auctions for 2006 we anticipate the same volumes as in 2005 will be offered
- In Austrian profile we anticipate cancellation of long term transit contract from Poland to Austria blocking 400 MW of cross-border capacity; this would be in relation to European court ruling C 17 03, which de facto invalidated all unregistered long term contracts





## IN THE NEXT FEW YEARS WE EXPECTS SIGNIFICANT REDUCTION OF DEMAND FOR CROSS-BORDER TRANSMISSION CAPACITIES

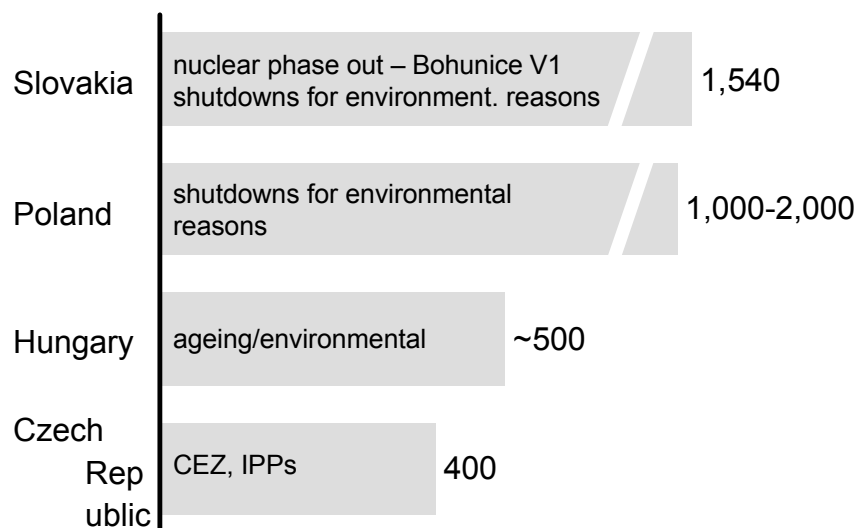
**Power consumption in the Czech Republic**  
TWh



**Change in Central  
in 2004-08**

**+ 8 TWh**

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

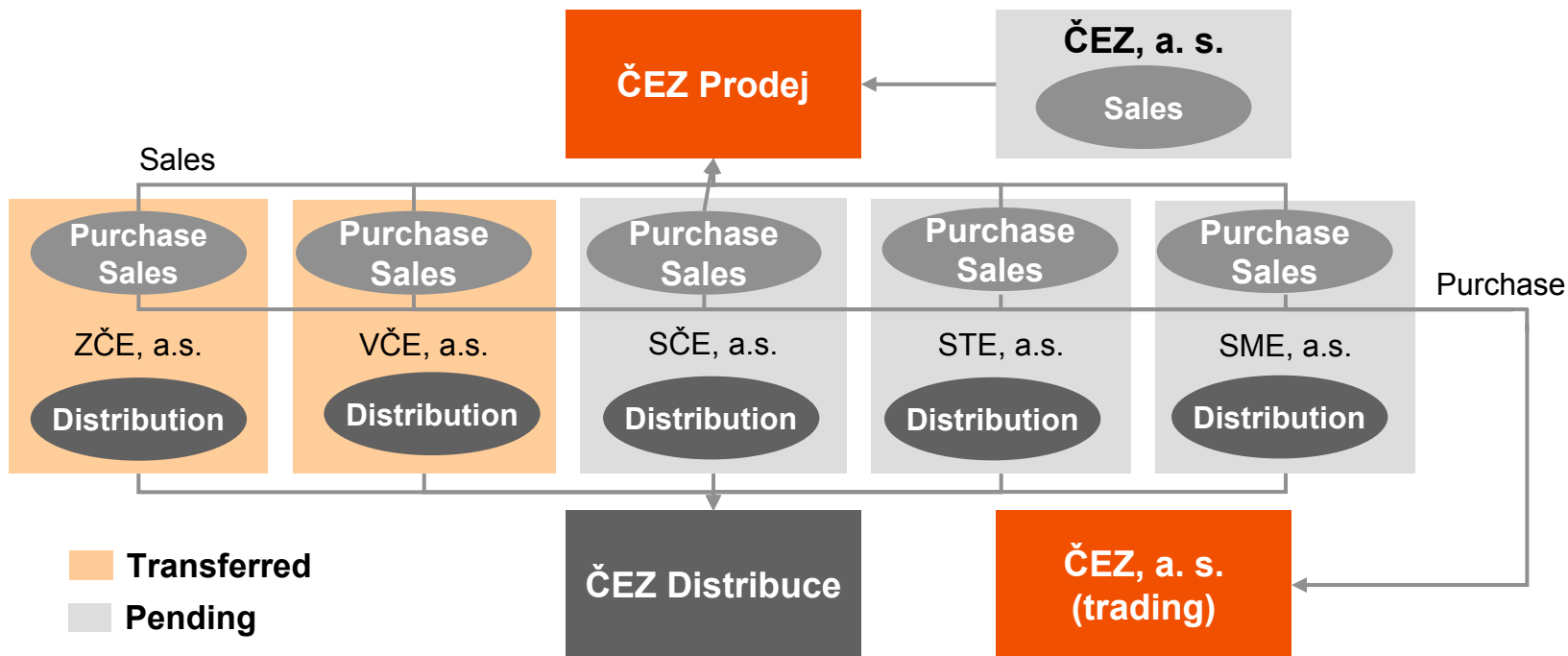


**- 4 TWh**

- Lower pressure on export profiles to Germany/Austria
- Price convergence to one level across Central Europe



## SUPPLY FOR CEZ IN 2006



- In relation to CEZ group transformation portfolios of end customers are being transferred from ZČE, VČE, SČE, STE and SME to ČEZ Prodej, s.r.o.
- The volume of the portfolio is approximately 31.2 TWh
- Supply to these customers is secured by CEZ, a.s. on the basis of complex agreement at standardized price of rainbow electricity



## ČEZ INTRODUCED NEW ECOLOGICAL PROGRAM „GREEN ENERGY“

**Green energy** = electricity produced from renewable resources (water, wind, solar, geothermal)

- Own production by CEZ Group
- Purchased from producers in CEZ Group region

### **Product**

- Support of sales of electricity produced from renewable resources

### **Price**

- Key difference to „common“ electricity – symbolic contribution to further development of ecological electricity generation of +0.10 CZK/kWh to any rate
- Sourced income distributed by independent council

### **Advantages for customers**

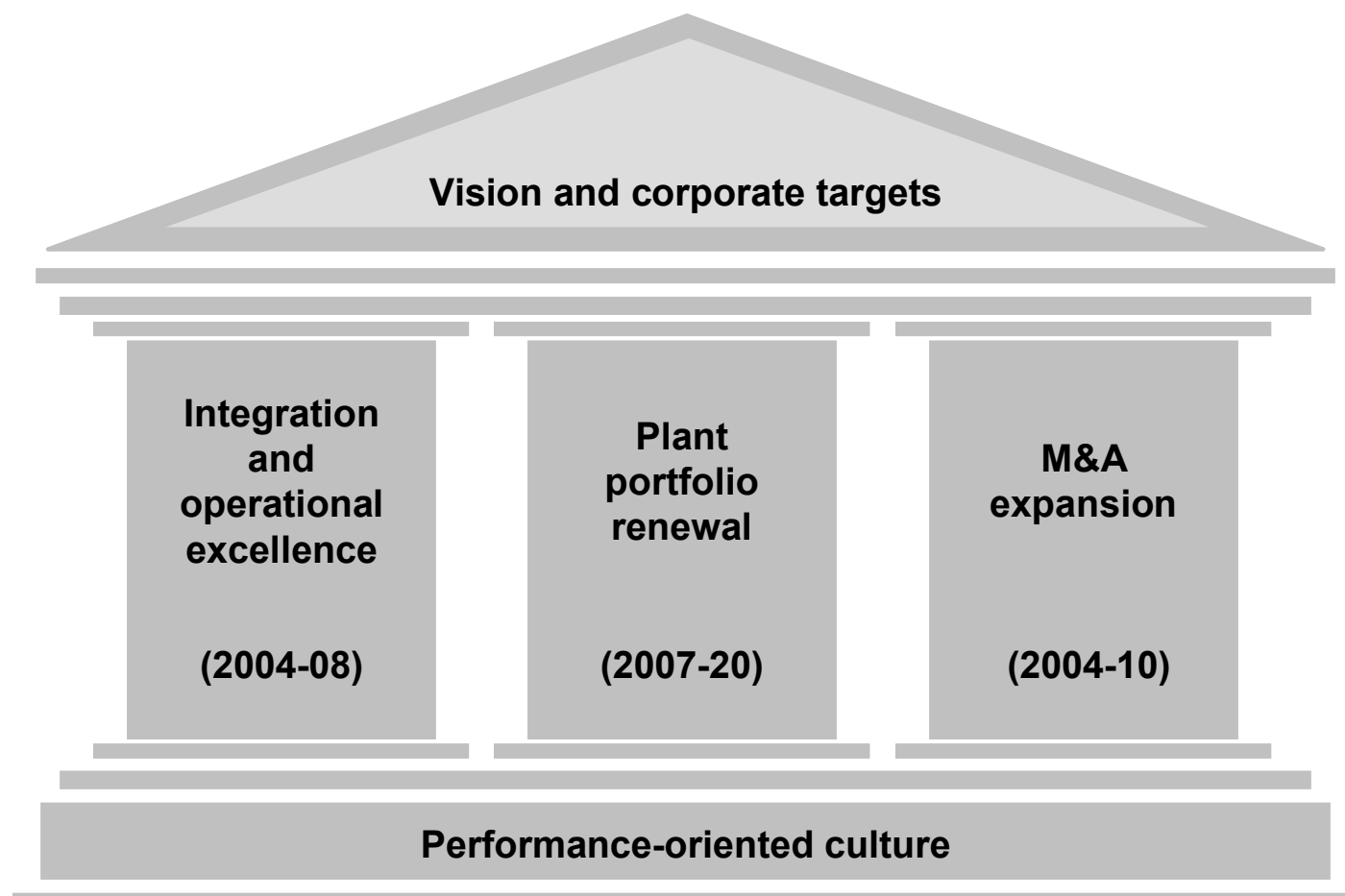
- Ecological production support
- Co-branding Green Energy
- Forest from Green Energy Customers' trees



**zelená  
energie**



## STRATEGIC INITIATIVES





## STRATEGIC INITIATIVES



### Integration and operational excellence

- **Vision 2008 on track.**
- **Unbundling process successfully implemented in two (out of five) distribution companies**, all according to schedule.
- CEZ has initiated multiple initiatives to **improve operational excellence in generation**

### M&A expansion

- Acquisition of **Electrica Oltenia** (RO) settled and completed
- **Bulgarian regulatory office** presented regulatory conditions for the next regulatory period
- 'CEZ continues in its **M&A activities** in CEE countries
  - **Kozienice** (PL) – shortlisted
  - **Pljevlja** (Montenegro) – tender cancelled, new one expected by year end / start 2006
  - **Katowicki Holding Węglowy S.A.** (PL) – preliminary bid submitted

### Plant portfolio renewal

- The Czech Government and CEZ signed agreement on sale of 56% stake in **Severoceske doly**.





# ACQUISITION OF SEVEROCESKE DOLY IS A CONCLUDING STEP IN VERTICAL INTERGATION OF CEZ GROUP



## Severoceske doly,a.s.

- Largest domestic brown coal producer
- CEZ Group already had a 37% share in Severoceske doly
- On October 20, 2005 share purchase agreement was executed
- CEZ will pay CZK 9.05bn for 56% stake
- Antimonopoly Office approval required

## On top of purchase price payment CEZ committed itself to:

- Maintain pre-agreed extraction volume by 2020
- Maintain defined pace of headcount development by 2015
- Not to sell its stake in the next 10 years

## Selected financials

CZK m	2003	2004	1 <sup>st</sup> half 2005
<b>Revenues</b>	7,801	7,953	3,904
<b>Production (mil. tons)</b>	22.02	23.44	10.86
<b>EBITDA</b>	3,661	2,090	1,927
<b>EBIT</b>	2,088	612	1,438
<b>Net income</b>	1,411	179	1,099
<b>Net debt**</b>	-4,631	-4,311	-4,919

\* Sharp decline in relation to creation of reserves for railroad diversion

\*\* Debt – cash, excluding reclamation reserves

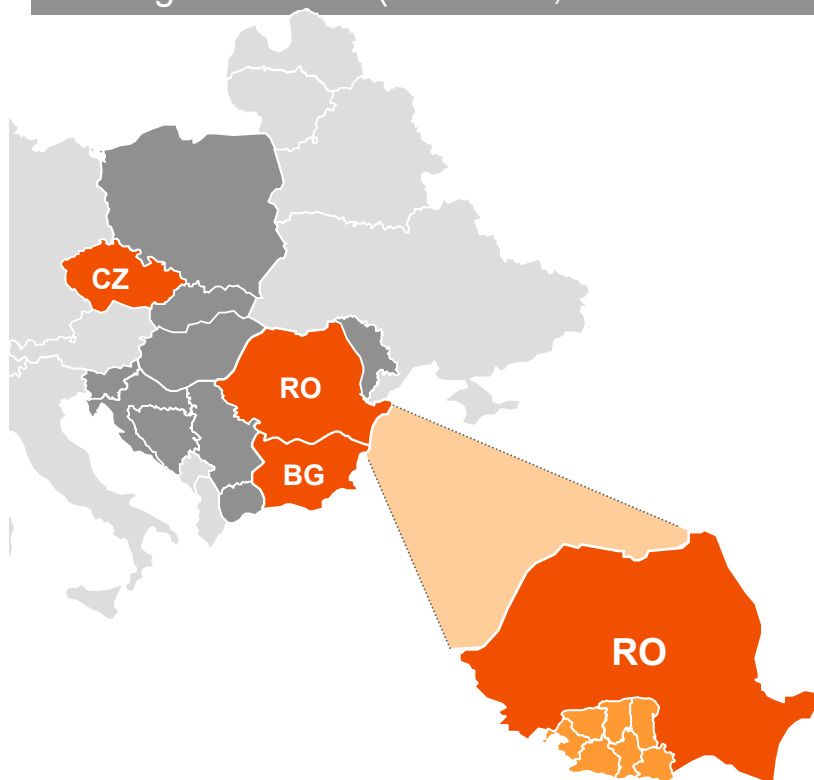


# THE ACQUISITION OF EDC OLTENIA IS COMPLETE AND INTEGRATION HAS STARTED



## Acquisition of distribution in Romania

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



\* 25% share purchase and equity contribution for total of EUR 151 million

Source: CEZ

## Status

- CEZ Group selected as a tender winner
- Settlement carried out on October 4 2005
- Strong CEZ management team on the ground combining internal professionals with managers from outside the Group and Romanian experts
- Already before the settlement the team had role of observer, consulted on key issues by local management
- Main processes in progress
  - Post-completion audit
  - Post-merger audit
  - People assessment

## Consolidated financial statements according to IFRS

EUR million

	2003	2004
<b>Sales</b>	362.2	399.8
<b>EBITDA</b>	-16.7	70.2
<b>EBIT</b>	-118.9	49.0
<b>Net income</b>	-58.6	46.6
<b>Net debt</b>	1.0	1.0

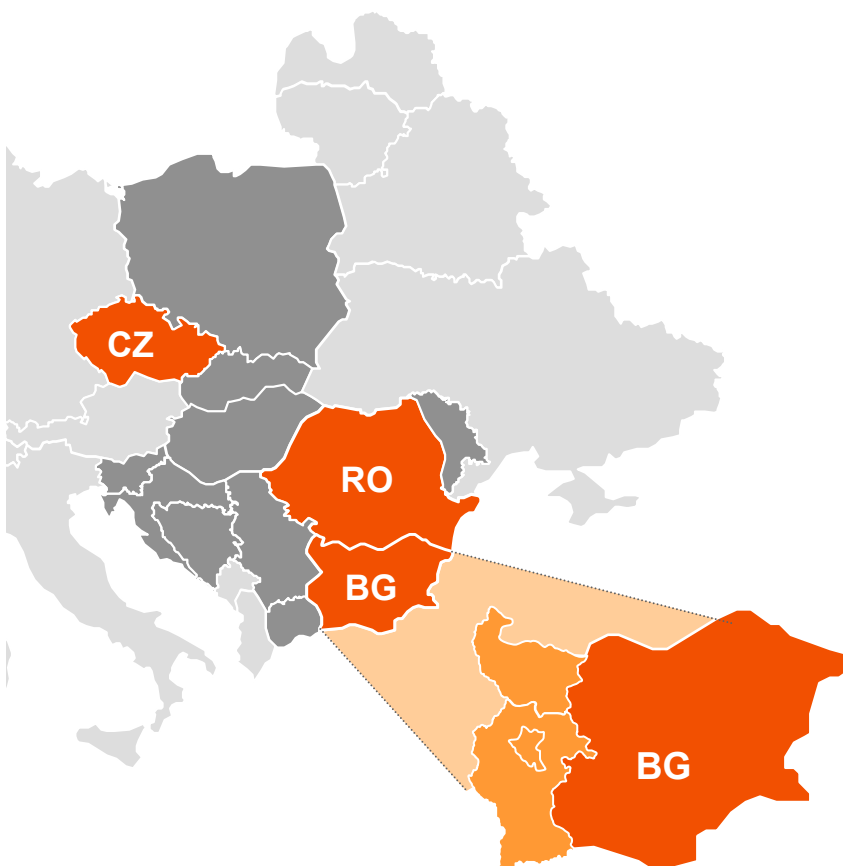


## THE INTEGRATION OF THE BULGARIAN EDCs IS PROGRESSING FASTER THAN EXPECTED



### Acquisition of distribution in Bulgaria

67% in three EDCs\* (Number 1, 42% market share)



\* value of the transaction EUR 282 million

### 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

### Selected financials – IFRS

EUR million

Name	Stolichno	Sofia Oblast	Pleven	Total
	I.-III.Q 2005	I.-III.Q 2005	I.-III.Q 2005	I.-III.Q 2005
Sales	131.4	74.2	75.5	281.1
EBITDA	19.9	11.8	8.8	40.5
EBIT	11.4	7.2	2.9	21.5
Net Profit	9.3	4.9	2.0	16.1

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

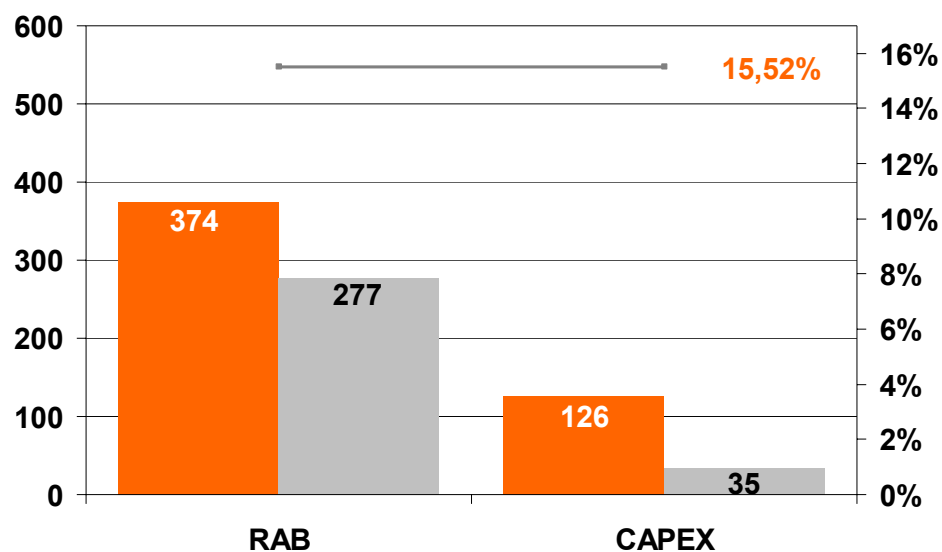
Source: EDCs, CEZ



## BULGARIAN NEW REGULATORY RULES IN PLACE SINCE OCTOBER 2005 ARE BELOW OUR ORIGINAL PROPOSAL BUT STILL ABOVE VALUATION CASE



### I. Regulatory period (10/2005 -10/2008) – Average RAB and average annual Capex EUR m



■ CEZ proposal ■ DKEWR proposal — Regulated return

- Significant reduction of regulated Capex (72% vs. CEZ proposal)
- Similar reduction for all three groups in Bulgaria (EVN, E.ON and CEZ)
- Reduced Capex threatens safety of distribution network and meeting EU norms in the long run
- Distributors filed a complaint against the decision.
- Further discussion is expected in Q1 2006

- Regulatory framework based on RAB regulated return (pre-tax - tax rate 15%, nominal)
- End user prices for prices increased on average by 7.1% compared to 2004
- The lowest increase is for households (2.4%)



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

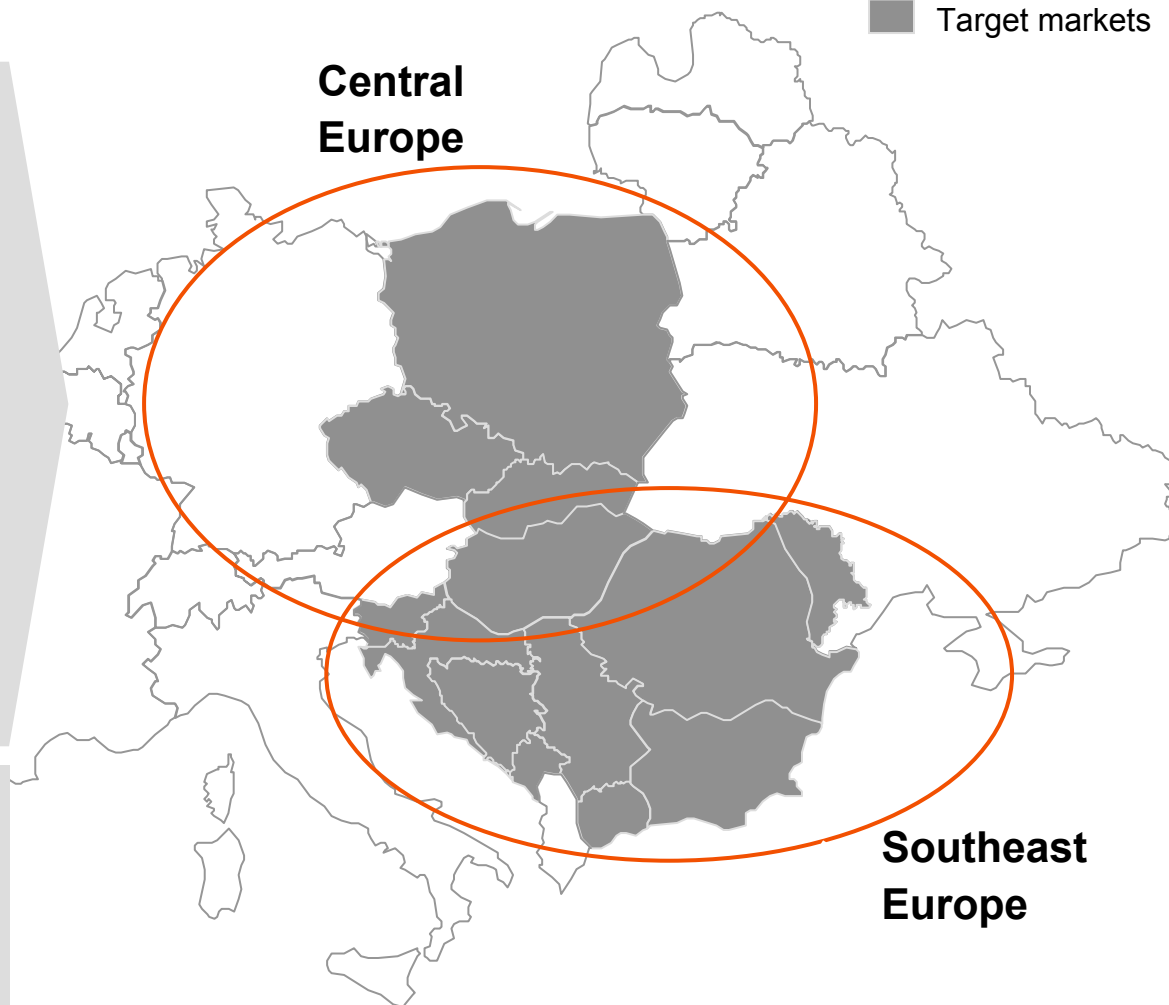


■ Target markets

### Main acquisitions opportunities 2005-06

- **Bulgaria:** generation – TPPs Varna, Russe
- **Romania:** distributors Muntenia Sud, generation – TPP Turceni, Rovinari, Craiova
- **Poland:** generation – PAK, Dolna Odra, Kozienice, mining company – Katowicki Holding Węglowy S.A.
- **Montenegro:** generation + mining – TPP Pljevlja, coal mine company Rudnik uglja
- **Macedonia:** distribution, Negotino power plant (210 MW)

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 CURRENT TRANSACTIONS IN CENTRAL EUROPE .....



### **Dolna Odra (Poland)**

▪ Installed capacity (MW)	1,950
▪ Sales (2004, TWh)	5.6
▪ Sales (2004, EUR mil.)	290

- Shortlist of investors handed over to new government for finalization
- CEZ is not on the shortlist

### **Kozienice (Poland)**

▪ Installed capacity (MW)	2,820
▪ Sales (2004, TWh)	11.8
▪ Sales (2004, EUR mil.)	414

- Shortlist of investors handed over to new government for finalization
- CEZ was invited to submit a new proposal on November 3<sup>rd</sup>

### **PAK – Patnow, Adamow, Konin (Poland)**

▪ Installed capacity (MW)	2,338
▪ Sales (2004, TWh)	14
▪ Sales (2004, EUR mil.)	408

- CEZ obtained permission from Polish government (50% shareholder) to carry out a Due Diligence



## ..... AS WELL AS IN SOUTHEASTERN EUROPE



### Muntenia Sud (Romania)

▪ Number of customers (million)	1.1
▪ Sales (2004, TWh)	4.3
▪ Sales (2004, EUR mil.)	286

- process began in July
- CEZ qualified for final bids; we are expecting opening of data room
- decision is expected by end of the year 2005

### Turceni (Romania)

▪ Installed capacity (MW)	2,310
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- coal power plant including mine
- expected opening of privatization until end of the year 2005

### ESM – Distribution (Macedonia)

▪ Number of customers (mil.)	0.7
▪ Sales (2004, TWh)	4.3

- distributing company is departed from mother holding
- privatization should begin within forthcoming months

(Bulgaria)

Varna

Ruse

▪ Installed capacity (MW)	1,260	400
▪ Sales (2004, TWh)	2.463	0.421
▪ Sales (2004, EUR mil.)	69.9	23.9

- Bids reviewed
- UES RAO offered highest bids for both, nevertheless antitrust office decided that Varna and Ruse cannot be acquired by one subject

### Pljevlja (Montenegro)

▪ Installed capacity (MW)	210
▪ Sales (2004, TWh)	1.0

- production assets and minority share in mine
- transaction cancelled
- expected announcement of the new one until end of the year / start 2006





## AGENDA

- **Economic performance**  
Petr Vobořil, Chief Finance Officer and Vice Chairman of the Board of Directors
- **Main events and sales performance**  
Alan Svoboda, Chief Sales Officer and Vice Chairman of the Board of Directors
- **Operational excellence in generation**  
Jiří Borovec, Chief Production Officer



## CEZ HAS A RUNNING PROGRAM FOR IMPROVING OPERATIONAL EXCELENCY IN GENERATION



### **Key projects**

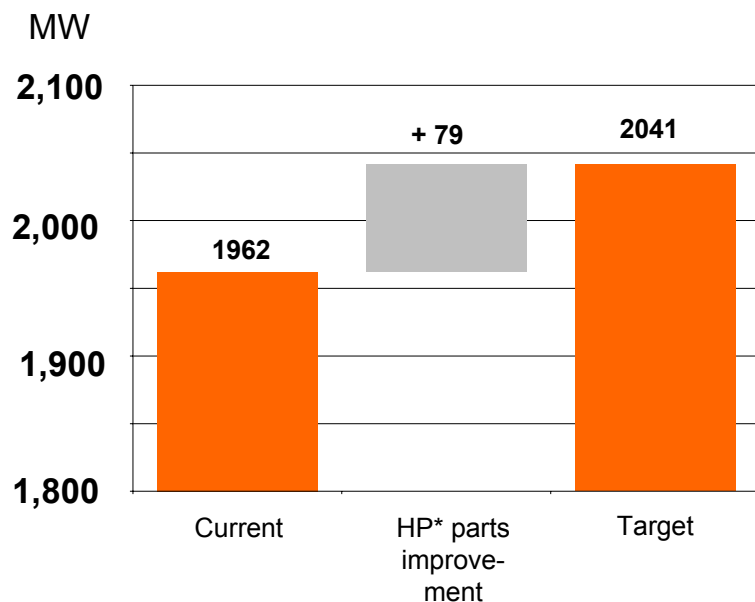
1. Increasing nuclear capacity (by 6.5% by 2012)
2. Reduction of refuelling outages in nuclear power plants
3. Nuclear Fuel Cycle Extension to 5 years
4. Reduction of repairs and maintenance (R&M) costs by 25% till 2009



## TARGETED CAPACITY INCREASE IN DUKOVANY NUCLEAR POWER PLANT IS 9.5% BY 2012 AND IN TEMELIN 4%



**Temelin target capacity increase - from 1962 MW to 2041 MW in 2007**

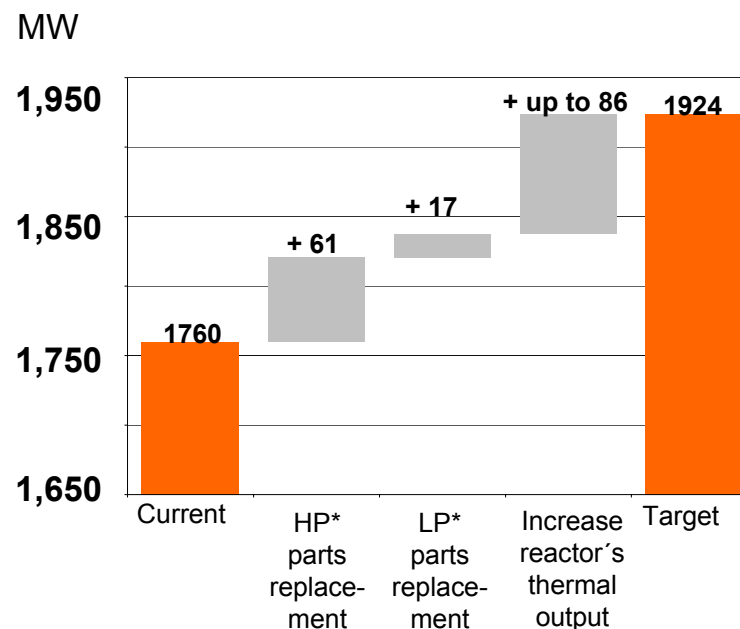


- Project in contracting phase

\* HP – High Pressure, LP – Low Pressure

\*\* Increase by 15.5 MW; nominal output at time of measurement at 444 MW

**Dukovany target capacity increase from 1760 MW to ~ 1924 MW by 2012**



- First project already implemented and running
  - Replacement of low pressure part in Unit 3 turbine during fuel replacement in 2005
  - **Current capacity Unit 3 - 460 MW\*\***
  - Full project in implementation, most tasks contracted

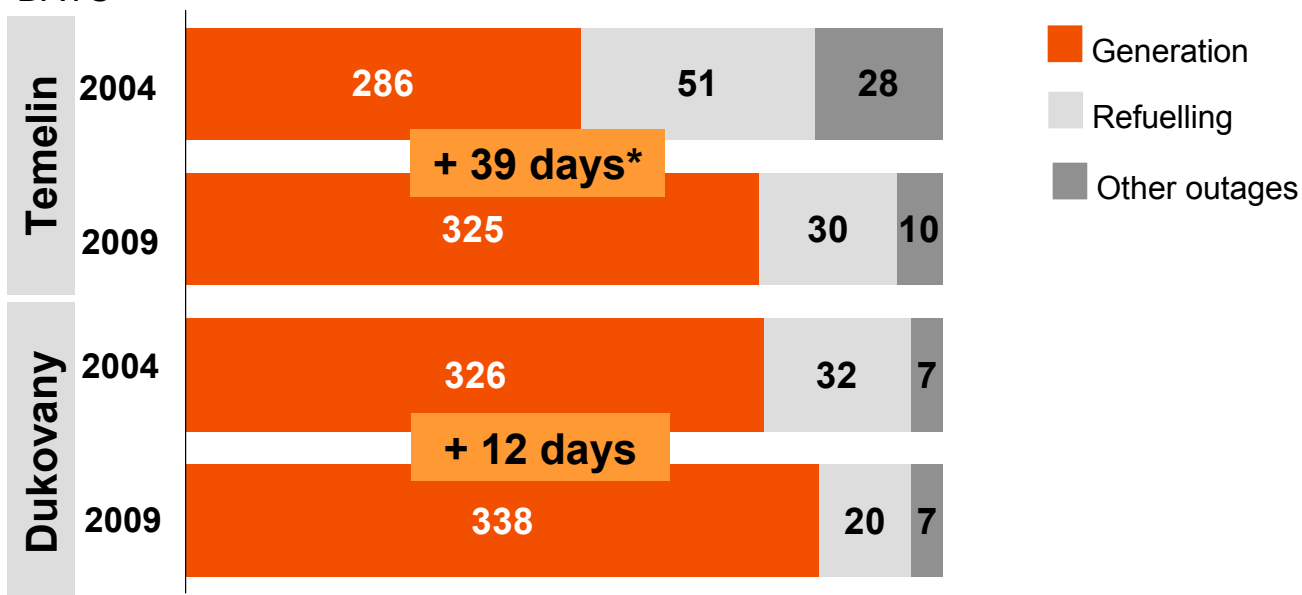


## BASED ON BENCHMARKING STUDIES CEZ SET A GOAL OF REFUELING OUTAGES REDUCTION BY 2009



**CEZ targets to add additional 20.8 days of generation in Temelin and 11.6 days in Dukovany by 2009 as a result of refuelling outages reduction**

DAYS



■ Additional production of ~ 2,3 TWh (assuming current capacity)

\* Increase in utilization by 38.8 days comes from 20.8 days refuelling outages reduction and 18 days other outages reduction

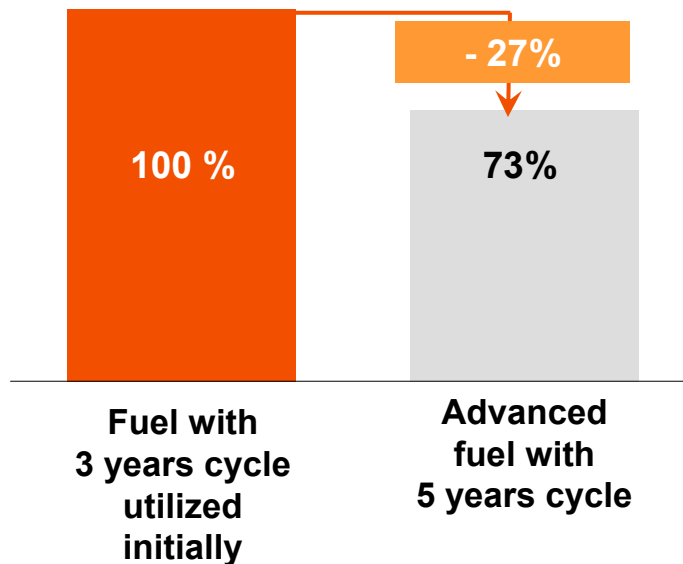


## UTILISING FUEL WITH LONGER CYCLE WILL CUT FUEL COSTS BY 27% AND WILL HELP TO SHORTEN FUEL REPLACEMENT SHUTDOWNS



### Relative cost per MWh produced in Nuclear Powerplant Dukovany

%



- Utilization of advanced fuel with 5 years cycle reduces number of reloaded assemblies
  - Reduction of fresh assemblies per year
  - Reduction of annual interim storage costs
  - Reduction of refuelling outages
- Extension of fuel cycle is achieved through alternative fuel treatment by supplier
- By the end of 2005 all 4 units in Dukovany will be utilizing advanced fuel with 5 years cycle (compared to 3 years used at initiation)
- Temelin will utilize advanced fuel with longer cycle since 2011

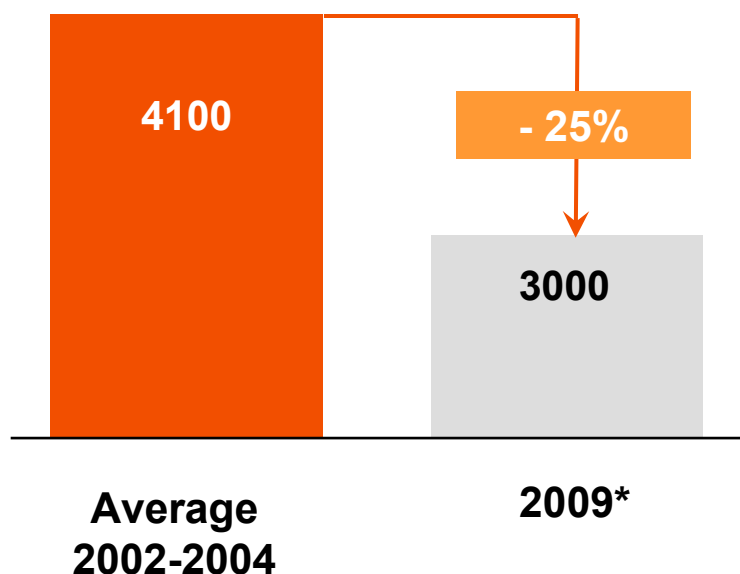


## CEZ IS SET TO REDUCE ITS GENERATION REPAIRS AND MAINTENANCE COSTS BY 30% BY 2009



### CEZ targets to reduce average repairs and maintenance cost by CZK 1.262 bn by 2009

CZK m, prices not adjusted for inflation



\* Assuming „normalized“ R&M workload

### Key tasks to achieve targeted goals

- Introduction of adaptive R&M to reduce workload by 50% (measured as Normative Hours)
- Centralization of conceptual R&M to save 20% personnel costs
- Centralization of R&M procurement to reduce related costs by 25%
- Decrease number of suppliers by 70%
- Divestiture of redundant R&M subsidiaries