



CONFERENCE CALL ON CEZ GROUP FINANCIAL RESULTS IN H1 2015

NON-AUDITED CONSOLIDATED RESULTS
PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL
REPORTING STANDARDS (IFRS)
(QUARTERLY REPORT PURSUANT TO SECTION 119A(4) OF THE CAPITAL MARKET
UNDERTAKINGS ACT)

Prague, August 11, 2015

AGENDA



CEZ Group Financial Highlights and Key Events in H1 2015

Martin Novák, Chief Financial Officer

Financial Results

Martin Novák, Chief Financial Officer

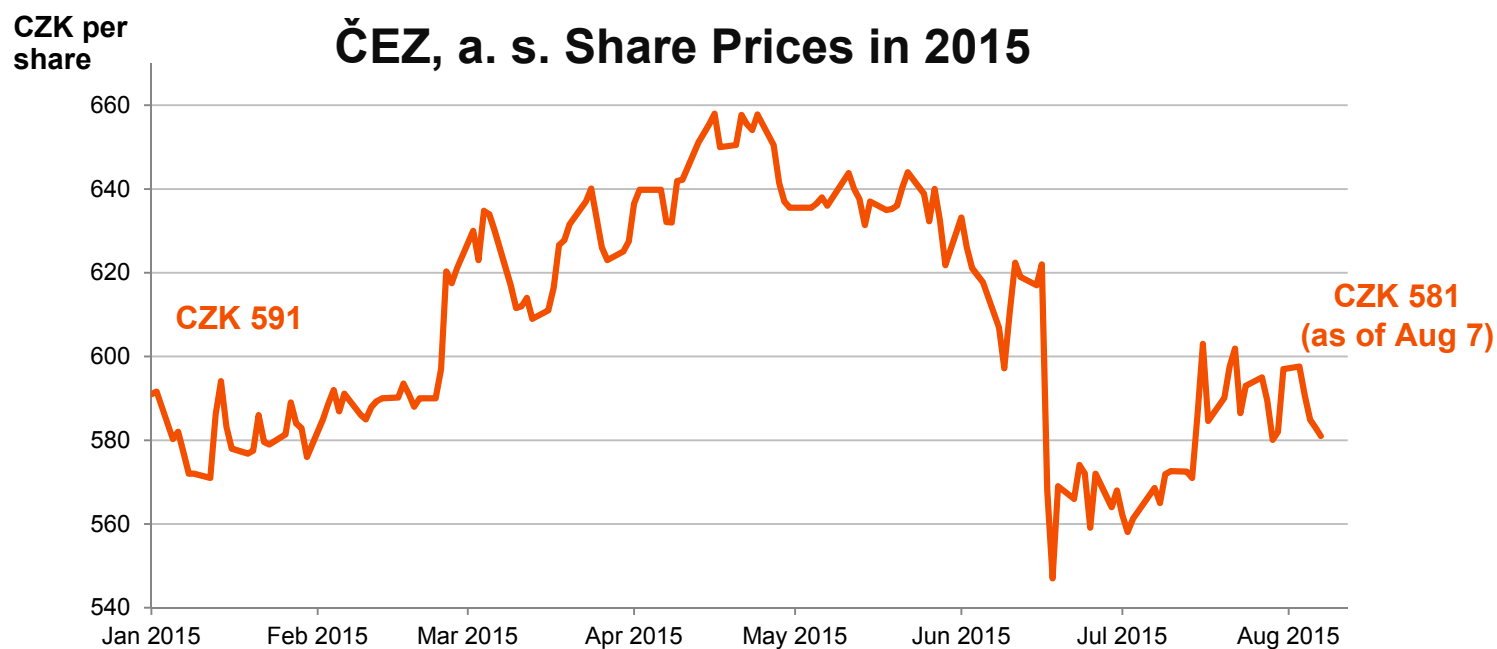
CEZ Group's Market Position

Pavel Cyrani, Chief Commercial and Strategy Officer

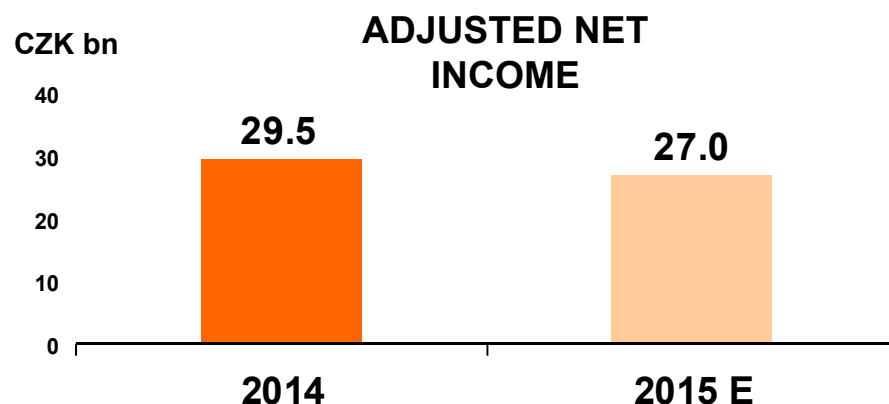
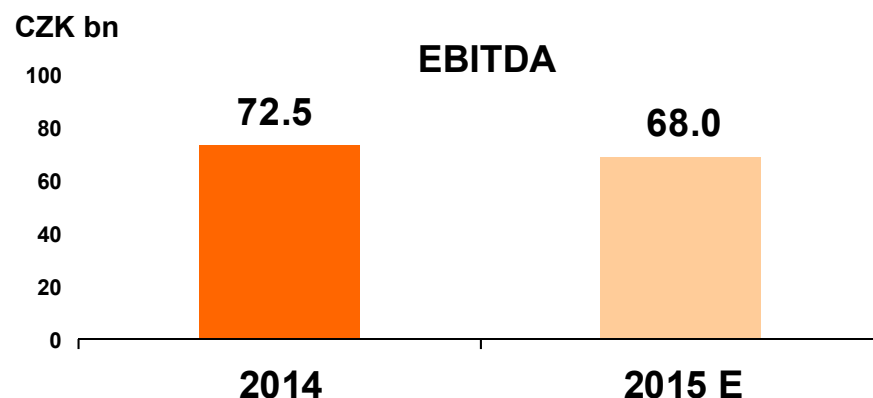
FINANCIAL HIGHLIGHTS OF H1 2015



- **EBITDA CZK 35.5bn**
- **EBIT CZK 21.3bn**
- **Adjusted net income CZK 15.7bn**



WE EXPECT ANNUAL 2015 EBITDA OF CZK 68BN, ADJUSTED NET INCOME AT THE LEVEL OF CZK 27BN



Selected year-on-year positive effects:

- Cuts in fixed operating costs
- Higher electricity production in the Czech Rep.
- Extraordinary revenue resulting from a court decision on SŽDC liabilities from 2010

Selected year-on-year negative effects:

- Trend of declining electricity prices
- One-off revenue of CZK 2.6bn from the settlement agreement with the Albanian government in 2014
- One-off revenue of CZK 1.6bn from the termination of a long-term deal with CA-CIB in 2014

The main reason for correction in expected EBITDA is realization of risks from the initial prediction:

- Postponed completion of coal-fired plant renovations and constructions in the Czech Rep. (construction of Ledvice Power Plant)
- Developments in regulatory and legislative conditions for the energy sector in Southeast Europe (delay in green certificate allocation in Romania)
- Outage of Temelín NPP prolonged

EUROPEAN COMMISSION'S SUMMER PACKAGE— ADOPTED JULY 15



New EU ETS directive draft:

- Faster reduction in new emission allowances offered on the market (linear reduction factor increased from 1.7% to 2.2% per year)
- Allocation period extended from 8 to 10 years, with all emission allowances having unlimited validity
- Broader range of tools for power sector and industry modernization in less developed countries (derogation, modernization fund, innovation fund)

Principal negotiations on details of the EU ETS directive are expected to take place in 2016.

European Commission communication and launch of international consultations on three major topics:

Market Design

- Strengthening market elements
- Higher level of coordination between states and more powers for ENTSO-E and ACER
- Binding (EU) methodology for the assessment of generation adequacy and any need for capacity mechanisms

Security of Electricity Supply

- Introducing mandatory national emergency plans for emergency prevention and handling
- Introducing cyber-security (enhanced protection of grid operators' data against attacks)

Retail Market

- Presenting 10 steps to put consumers at the center of the new energy system—concerning both retail and distribution (including self-consumption of renewable energy, among other topics)

EUROPE'S ENERGY MARKET WAS ALSO GREATLY AFFECTED BY TWO MAJOR EVENTS IN GERMANY



CO₂ EMISSION REDUCTION—“DECARBONIZATION”

Germany decided to take a total of 2.7 GW of older lignite-fired power plants out of standard operation and put them in the strategic reserve by 2020 at the latest to meet their CO₂ emission reduction obligations.

- This made the price of electricity with delivery in 2019 and later grow by approx. 1 EUR/MWh
- Operators (such as RWE or Vattenfall) are less uncertain about the future of individual coal-fired plants, which helps them make faster decisions on strategic investments or divestments

WHITE PAPER ON THE ENERGY MARKET—“Ein Strommarkt für die Energiewende”

- A strategic document defining rules for the energy market published by the Federal Ministry for Economic Affairs and Energy
- Rejects the capacity market and declares the intent to introduce a capacity reserve system
 - The capacity reserve of generation facilities will serve for exceptional situations when market supply (incl. available foreign deliveries) cannot meet demand. However, the system will not artificially influence wholesale market prices (market price level will not be a criterion for the exceptional situations).
 - The capacity reserve will include 2.7 GW of lignite-fired capacity and other generating facilities with a total capacity of approx. 1.3 GW (probably mostly gas-fired facilities)
- Increases pricing freedom in the wholesale market; i.e., it allows asking for a price above the level of variable generation costs (“mark-up”) in justified cases, in particular

IN MAY, THE CZECH GOVERNMENT APPROVED THE STATE ENERGY POLICY (SEP)



The **SEP** is the nation's key strategic document for the energy sector, giving strategic specifications for the development of the Czech energy sector in the next 25 years and resonating EU energy policy goals.

The updated **STATE ENERGY POLICY OF THE CZECH REPUBLIC** anticipates, besides other things:

- **Greater diversification of sources** and preservation of the existing full independence in heat and electricity supply but without any major exports of generated energy
- Achieving diversification through the **development of nuclear energy** in the Czech Republic. A detailed National Action Plan for Nuclear Energy (NAP NE) was approved, postponing the need for new nuclear units until 2035.
- Further development in **ensuring reliable and secure operation of electric power infrastructure** as well as the required development of distributed electricity generation (especially RES). A detailed National Action Plan for Smart Grids (NAP SG) was approved.
- **Using coal beyond existing territorial limits for mining**; in this respect, the Czech government tasked the MIT with preparing 3 studies (socio-economic impacts, environmental and public health impacts, and impacts on the heat sector) and presenting a proposal for territorial and environmental limits for lignite mining by the end of August 2015.

IN JUNE, THE CZECH GOVERNMENT APPROVED THE NATIONAL ACTION PLAN FOR NUCLEAR ENERGY (NAP NE)



The National Action Plan for Nuclear Energy in the Czech Republic anticipates, besides other things:

- Creation of a **special company (SPV)** that will acquire all relevant assets for the construction of nuclear units at both existing sites
- **Communication with strategic partners** for the construction of a nuclear units in the Czech Rep.
- **Negotiations with the European Commission** on the contractor selection method, method of financing and ensuring economic return
- **Initiation of preparations for EPC contractor selection** in accordance with the selected business model
- **Continued preparation of the 2-unit project variants at both Temelín and Dukovany sites** with anticipated construction of 1 unit and possible expansion to 2 units at either location. The number of units and the order of the sites is to be decided on later.
- Initiation of work on legislation amendments aimed to **simplify the consent and licensing procedure** and minimize the associated risks of impacts on dates and costs
- Re-evaluating, at the latest before the building permit is issued, whether there is still a need for the construction of a new nuclear facility and whether or not the market situation has stabilized to allow commercial construction, i.e. with no need for government guarantees

CZECH REPUBLIC

SELECTED EVENTS IN THE PAST QUARTER



- The general meeting of ČEZ approved a 2014 dividend of CZK 40 per share before tax. CZK 21.4bn in total will thus be paid to the shareholders, which is approximately 73% of consolidated net income adjusted for extraordinary effects unrelated to ordinary financial performance in 2014.
- Based on a court decision, ČEZ Prodej received a total of CZK 1.1bn from SŽDC in Q2 2015 on account of an electricity supply contract from 2010.
- The planned outage of Unit 2 at the Temelín Nuclear Power Plant was prolonged primarily due to an internal leak in a steam generator (and subsequent replacement of vent pipes at the other three steam generators). The operation of the unit was renewed on July 31, 2015.
- The three pumped-storage hydro power plants owned by ČEZ, a. s. beat the production record again. The Dalešice, Dlouhé Stráně, and Štěchovice II power plants generated a total of 664.3 GWh of electricity in H1, which means a 17% growth year-on-year, covering the consumption of half a million households.
- ÚJV Řež signed a framework agreement with the Finnish company Fennovoima for engineering, technical, and expert support during the construction of a WWER nuclear power plant. The planned nuclear power plant Hanhikivi 1 will be built on the western coast of Finland. The expected commissioning date is in 2024.

ABROAD

SELECTED EVENTS IN THE PAST QUARTER



Romania

- In May, the European Commission approved the notification of Act 220/2008 on renewables. The process of approving individual notifications for the Romanian wind farms at Fântânele Vest and Cogealac was subsequently resumed.
- June 3 was the effective date of an amendment to that act (No. 122/2015), under which the Fântânele Vest and Cogealac wind farms should be granted temporary accreditation by the Romanian regulator ANRE and the allocation of green certificates should thus be resumed. The temporary accreditation approval process is underway.

Bulgaria

- The beginning of a new three-year regulatory period was moved from July 1, 2015 to August 1, 2015, following mostly commercial industrial customers' protests against the related expected increase in electricity prices. The tariff decision valid from August 1, 2015 represents a reduction of 1.99% in the end-customer price. As a result of the price decision, the distribution margin will grow slightly by 0.21% and the sales company's margin will drop by 6.96%.

Poland

- The upgrade of turbine TG6 at the Skawina Power Plant was successfully completed in June.

We are reducing financial exposure abroad; more than CZK 5.7bn already paid out to ČEZ this year

- CZK 0.4bn was paid out from Bulgaria through a reduction in registered capital (April).
- CZK 4.6bn was paid out as a dividend within the ongoing restructuring of assets in Poland (June).
- CZK 0.7bn in total was paid out as dividends from Romania (July).

An installment of EUR 21.75m (approx. CZK 0.6bn) was duly paid on July 27 under the Settlement Agreement with the Albanian government. EUR 31.75m out of the total of EUR 95m has already been paid. Further payments will be made in yearly installments until 2018.

WE ARE FULFILLING OUR STRATEGIC GOAL TO INVEST IN INNOVATIVE ENERGY COMPANIES



On July 21, CEZ Group bought into the German company Sonnenbatterie GmbH

- The investment had the form of an increase in the company's registered capital. CEZ Group acquired a minority stake together with the right to participate in its strategic decision-making.
- The investment was made through INVEN CAPITAL, which is a brand used by CEZ Group for investments in the field of innovative energy solutions. Its objective is to invest in companies focusing on new decentralized energy and renewables with the potential for quick growth both in the Czech Rep. and abroad. Its ambition is to acquire 15 to 20 up-and-coming companies worth up to CZK 5bn in total within five years.

Sonnenbatterie GmbH, the world leader in the production of battery energy storage systems

- The company develops, manufactures, and sells smart battery systems for storing energy from solar panels and other renewable energy sources for households and commercial customers.
- The company is the world leader operating in seven countries, including the U.S. Up to now, it has already sold about 8,000 smart energy storage systems.
- This solution cuts a household's annual expenditure on electricity supply by up to 80%.



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CEZ GROUP FINANCIAL RESULTS



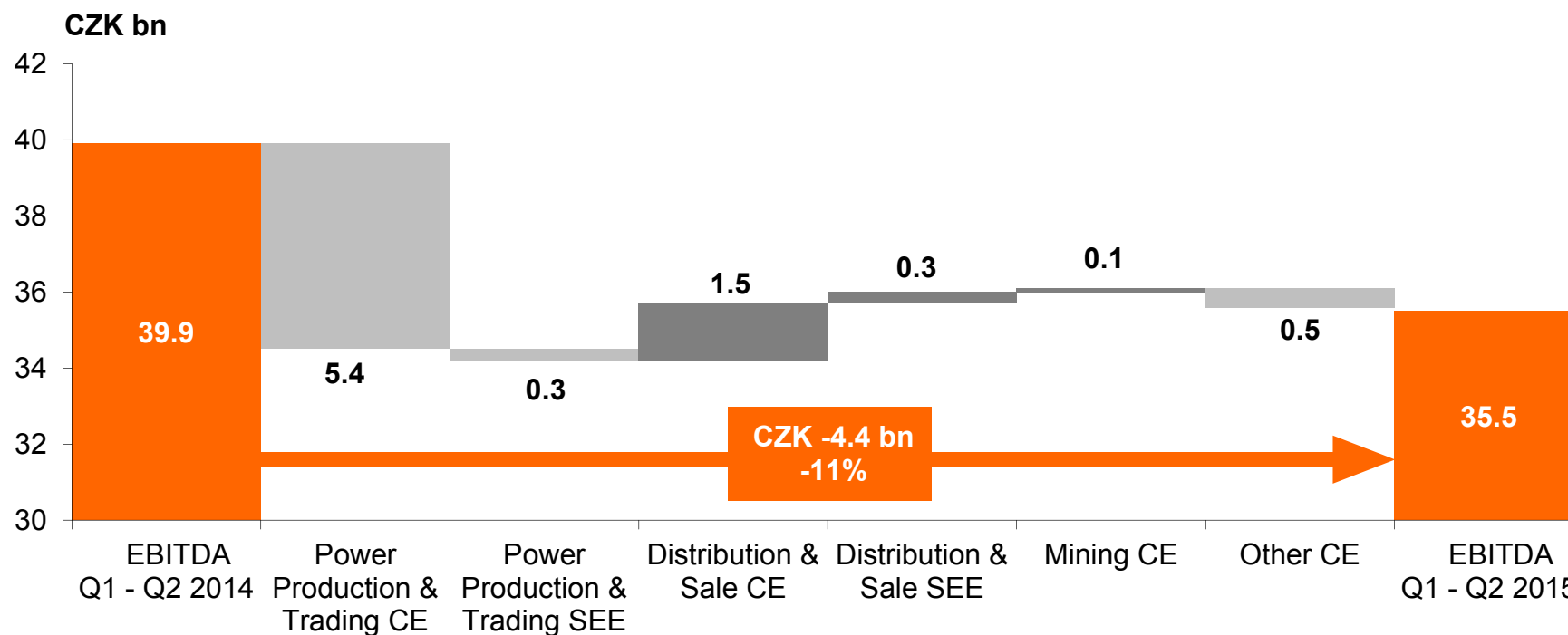
(CZK bn)		Q1 - Q2 2014	Q1 - Q2 2015	Change	%
Revenues		101.7	102.9	+1.2	+1%
EBITDA		39.9	35.5	-4.4	-11%
EBIT		24.1	21.3	-2.8	-12%
Net income		17.2	15.4	-1.8	-11%
Net income - adjusted *		19.3	15.7	-3.6	-19%
Operating CF		36.4	28.7	-7.7	-21%
CAPEX		13.9	13.4	-0.5	-4%
Net debt **		135.9	131.1	-4.8	-4%

		Q1 - Q2 2014	Q1 - Q2 2015	Change	%
Installed capacity **	GW	15.2	15.9	+0.7	+5%
Generation of electricity	TWh	31.9	32.2	+0.3	+1%
Electricity distribution to end customers	TWh	24.2	24.9	+0.7	+3%
Electricity sales to end customers	TWh	17.8	19.2	+1.4	+8%
Sales of natural gas to end customers	TWh	3.0	3.8	+0.8	+28%
Sales of heat	000'TJ	12.0	13.1	+1.0	+9%
Number of employees **	000's	26.4	25.8	-0.6	-2%

* Net income - adjusted = Net income adjusted for extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as fixed asset impairments and goodwill write-offs or profit/loss from sale of assets or subsidiaries).

** As at the last date of the period

YEAR-ON-YEAR CHANGE OF EBITDA BY SEGMENT



EBITDA BY SEGMENT: POWER PRODUCTION AND TRADING CENTRAL EUROPE



CZK bn	Q1 - Q2 2014	Q1 - Q2 2015	Change	%
Czech Republic	23.0	17.6	-5.3	-23%
Poland	0.7	0.8	0.0	+5%
Segment EBITDA	23.8	18.4	-5.4	-23%

Czech Republic (CZK -5.3bn)

- Lower achieved prices of generated electricity, including the effects of hedges (CZK -3.9bn)
- Effect of the termination of a long-term deal with CA-CIB in 2014 (CZK -1.6bn)
- Effect of USD/EUR exchange rate on the hedging of an oil-linked contract (CZK -0.4bn)
- Lower revenue from ancillary services (CZK -0.3bn)
- Growth in unit generation costs (CZK -0.2bn)
- Cuts in fixed operating costs primarily as a result of adopted economy measures (CZK +1.1bn)

EBITDA BY SEGMENT: POWER PRODUCTION AND TRADING SOUTHEAST EUROPE



CZK bn	Q1 - Q2 2014	Q1 - Q2 2015	Change	%
Bulgaria	-0.1	0.0	+0.1	+84%
Romania	0.8	0.4	-0.4	-55%
Segment EBITDA	0.6	0.3	-0.3	-48%

Bulgaria (CZK +0.1bn)

- Lower operating costs in connection with the suspension of operation of the Varna Power Plant since Jan 1, 2015
- Effect of negative generation margin in 2014

Romania (CZK -0.4bn)

- Negative effect of the suspension of green certificate allocation to the Cogeaalac wind farm (since Oct 1, 2014)
- Lower average price of electric power
- Lower average price of green certificates

EBITDA BY SEGMENT:

DISTRIBUTION AND SALE CENTRAL EUROPE



CZK bn	Q1 - Q2 2014	Q1 - Q2 2015	Change	%
Distribution	7.7	7.5	-0.2	-2%
Sale	1.8	3.4	+1.7	+95%
Segment EBITDA	9.4	10.9	+1.5	+16%

Distribution Czech Rep. (CZK -0.2bn)

- Lower gross margin (CZK -0.7bn) – effect of use of remaining correction factors from RES in 2014 (CZK -1.0bn) partially compensated for by higher distributed amount of electricity in 2015 (CZK +0.3bn)
- Lower fixed operating cost (CZK +0.4bn)
- Higher gross margin on non-energy activities (CZK +0.1bn)

Sales (CZK +1.7bn)

- Payment of SŽDC liability from 2010 to ČEZ Prodej based on a court decision (CZK +1.1bn)
- Higher gross margin on electricity sales primarily due to lower average purchasing price (CZK +0.3bn)
- Negative balance of support for mandatory purchases in the Czech Rep. in 2014 (CZK +0.1bn)
- Higher gross margin on gas sales primarily in connection with higher delivery due to weather (CZK +0.1bn)

EBITDA BY SEGMENT:

DISTRIBUTION AND SALE SOUTHEAST EUROPE



CZK bn	Q1 - Q2 2014	Q1 - Q2 2015	Change	%
Bulgaria	0.3	0.5	+0.2	+58%
Romania	1.3	1.4	+0.1	+5%
Segment EBITDA	1.6	1.9	+0.3	+16%

Bulgaria (CZK +0.2bn)

- Higher margin on distributed electricity due to a positive price decision from Oct 1, 2014 (CZK +0.1bn)
- Higher margin on electricity sales due to growing average selling price (CZK +0.1bn)

Romania (CZK +0.1bn)

- Extraordinary earnings in 2014 associated with the fulfillment of an installment agreement by the state postal service (CZK -0.2bn)
- Higher margin on distributed electricity due to higher price (CZK +0.2bn)
- Lower fixed costs (CZK +0.1bn)

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



EBITDA (CZK bn)	Q1 - Q2 2014	Q1 - Q2 2015	Change	%
Mining CE	1.9	2.0	+0.1	+4%
Other CE	2.4	1.9	-0.5	-21%
Other SEE	0.1	0.1	0.0	+8%

Mining Central Europe (CZK +0.1bn)

- Cost reduction due to lower mine production, favorable climatic conditions, and economy measures (CZK +0.3bn)
- Lower revenue in connection with lower consumption of power coal (CZK -0.2bn) especially by ČEZ

Other Central Europe (CZK -0.5bn)

- Lower revenue and margin from intra-group services primarily due to economy measures adopted by customers; especially ČEZ ICT Services, ČEZ Distribuční služby, and ČEZ Korporátní služby were affected

OTHER INCOME (EXPENSES)



(CZK bn)	Q1 - Q2 2014	Q1 - Q2 2015	Change	%
EBITDA	39.9	35.5	-4.4	-11%
Depreciation, amortization and impairments	-15.8	-14.2	+1.6	+10%
Financial and other income (expenses)	-2.6	-2.1	+0.5	+18%
Interest income (expenses)	-1.6	-1.4	+0.3	+16%
Interest on nuclear and other provisions	-0.9	-0.8	+0.1	+7%
Income (expenses) from investments	0.8	0.1	-0.7	-85%
Other income (expenses)	-0.8	0.0	+0.8	+98%
Income taxes	-4.3	-3.8	+0.5	+12%
Net income	17.2	15.4	-1.8	-11%
Net income - adjusted	19.3	15.7	-3.6	-19%

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

- Additions to fixed asset impairments in Romania in 2014 (CZK +2.1bn)
- Increase in depreciation and amortization especially at ČEZ, a. s. (CZK -0.5bn)

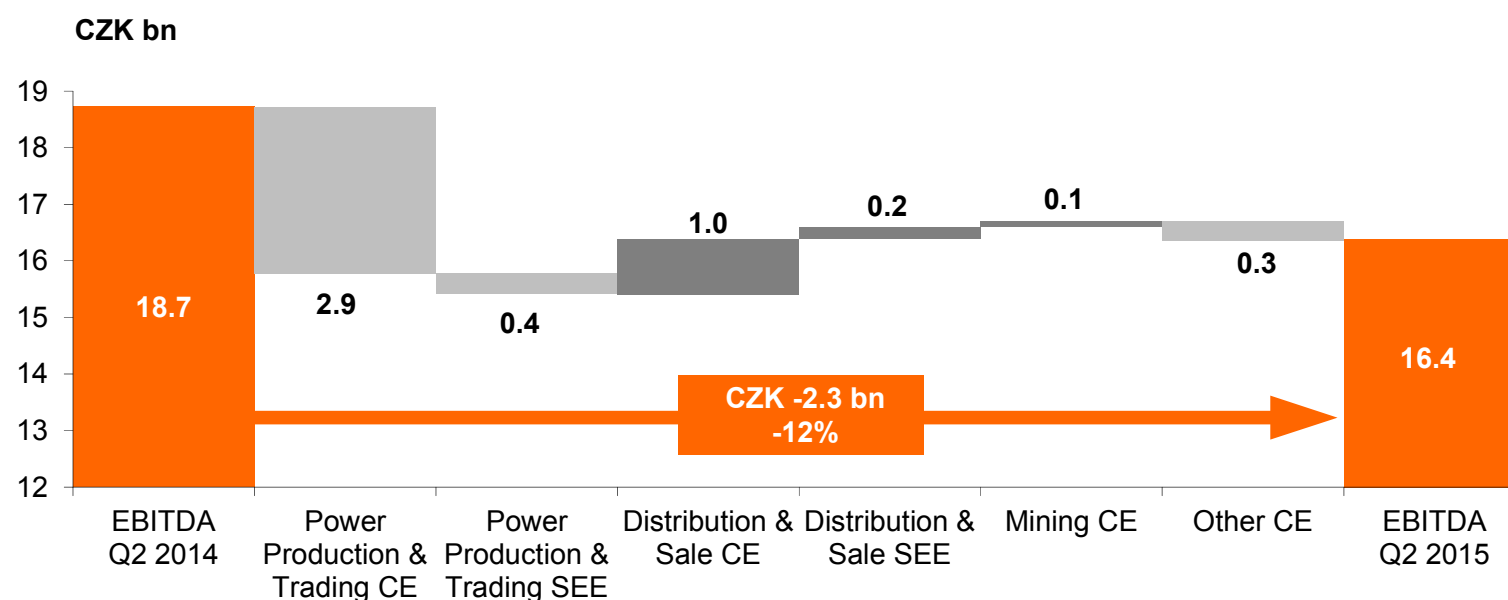
Financial and Other Income/Expenses (CZK +0.5bn)

- Cost of the buyback of issued bonds in 2014 (CZK +0.5bn)
- Positive effect of decreased amount of debt on interest expenses (CZK +0.4bn)
- Appreciation of funds deposited in restricted accounts of ČEZ, a. s. and in short-term securities (CZK +0.3bn)
- Negative effect of development in the USD/TRY exchange rate on financial results in Turkey (CZK -0.8bn)

Net Income Adjustment

- H1 2014 net income adjusted for negative effect of fixed asset impairments (CZK +2.1bn)
- H1 2015 net income adjusted for negative effect of MOL share option revaluation (CZK +0.3bn)

DEVELOPMENT IN Q2



CEZ Group EBITDA (CZK -2.3bn):

- **Power Production & Trading CE (CZK -2.9bn):** Effect of the termination of a long-term deal with CA-CIB in 2014 (CZK -1.6bn); lower achieved prices of generated electricity, including the effects of hedges (CZK -1.1bn); lower production (CZK -0.3bn); growth in unit generation costs (CZK -0.2bn); lower revenue from ancillary services (CZK -0.1bn); and cuts in fixed operating costs as a result of economy measures (CZK +0.5bn)
- **Power Production & Trading SEE (CZK -0.4bn):** Negative effect of the suspension of green certificate allocation to the Cogecalac wind farm
- **Distribution & Sale CE (CZK +1.0bn):** Payment of SŽDC liability from 2010 to ČEZ Prodej as ordered by court (CZK +1.1bn); lower gross margin on electricity distribution in the Czech Rep. (CZK -0.4bn) due to use of remaining correction factors from RES in 2014 partially compensated for by a higher amount distributed in 2015; lower fixed operating costs due to savings (CZK +0.2bn)
- **Distribution & Sale SEE (CZK +0.2bn):** Higher margin on distributed electricity in Romania due to higher price and volume
- **Mining CE (CZK +0.1bn):** Lower fixed operating costs due to economy measures
- **Other CE (CZK -0.3bn):** Lower revenue and margin from intra-group services primarily due to economy measures taken by customers

DEVELOPMENT IN Q2—CONTINUED



(CZK bn)	Q2 2014	Q2 2015	Change	%
EBITDA	18.7	16.4	-2.3	-12%
Depreciation, amortization and impairments	-9.0	-7.1	+1.9	+21%
Financial and other income (expenses)	-0.6	0.3	+1.0	-
Income taxes	-1.8	-1.7	0.0	+1%
Net income	7.3	7.9	+0.5	+7%
Net income - adjusted	9.4	8.1	-1.3	-14%

Depreciation, amortization, and impairments* (CZK +1.9bn):

- Additions to fixed asset impairments in Romania in 2014 (CZK +2.1bn)
- Increase in depreciation and amortization especially at ČEZ, a. s. (CZK -0.2bn)

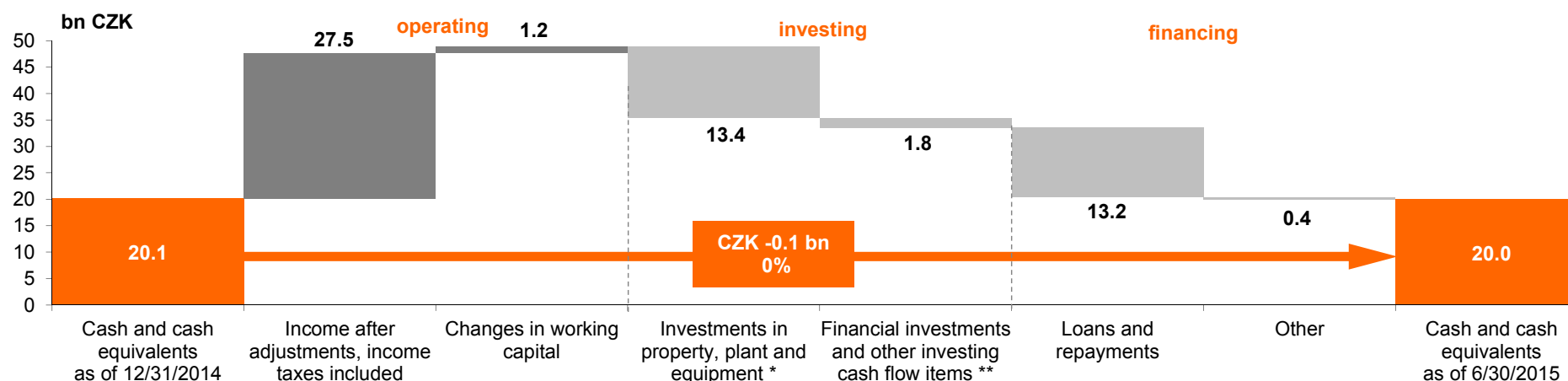
Financial and Other Income/Expenses (CZK +1.0bn):

- Cost of the buyback of issued bonds in 2014 (CZK +0.5bn)
- Appreciation of funds deposited in restricted accounts of ČEZ, a. s. and in short-term securities (CZK +0.3bn)
- Positive effect of decreased volume of debt on interest expenses (CZK +0.1bn)

Net Income Adjustment

- Q2 2014 net income adjusted for negative effect of fixed asset impairments of CZK +2.1bn
- Q2 2015 net income adjusted for negative effect of MOL share option revaluation of CZK +0.2bn

CASH FLOWS



Cash Flows from Operating Activities (CZK +28.7bn)

- Income after adjustments (CZK +27.5bn): income before taxes (CZK +19.2bn); depreciation and amortization of nuclear fuel (CZK +16.1bn); drop in emission allowance provisions (CZK -4.3bn); income tax paid (CZK -3.1bn); other (CZK -0.4bn)
- Changes in working capital (CZK +1.2bn): decrease in inventories of emission allowances, fossil fuels, and materials (CZK +4.5bn); change in the balance of payables and receivables from derivatives (CZK +2.5bn); change in the balance of payables and receivables incl. advances and accruals (CZK -5.7bn)

Cash Flows Used in Investing Activities (CZK -15.2bn)

- Investments in fixed assets — CAPEX (CZK -13.4bn), see details in Annex
- Change in liabilities attributable to capital expenditure (CZK -1.4bn)
- Additions to long-term financial assets (CZK -0.4bn)

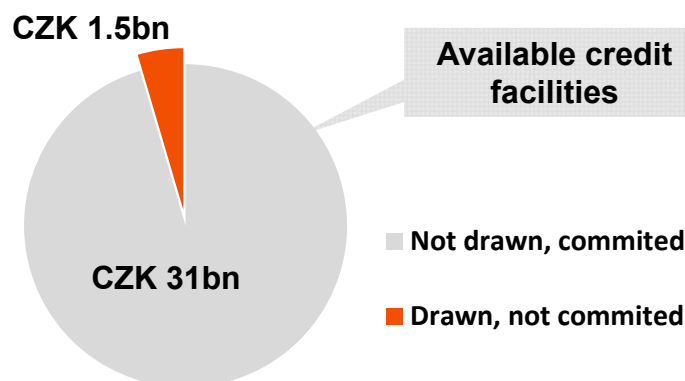
Cash Flows from Financing Activities (CZK -13.6bn)

- Balance of loans and repayments (CZK -13.2bn), net effect of currency translation on cash amount (CZK -0.3bn), change in other long-term liabilities (CZK -0.1bn)

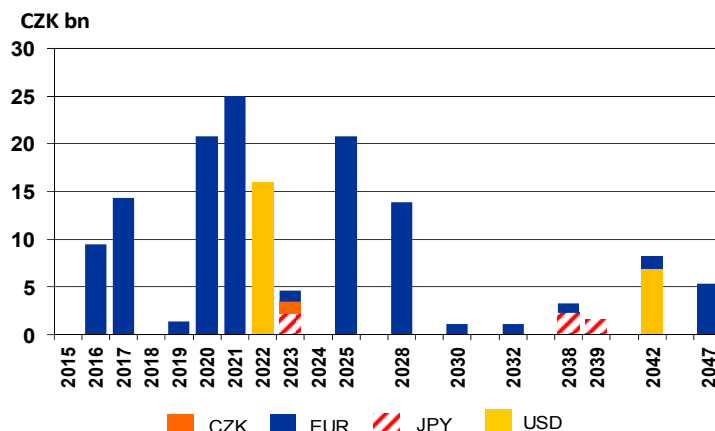
CEZ GROUP MAINTAINS A STRONG POSITION OF LIQUIDITY AND RECEIVED AWARD FOR PROFESSIONAL INVESTOR RELATIONS



Utilization of short-term lines (as at June 30, 2015)



Bond maturity profile (as at June 30, 2015)



- CEZ Group has access to CZK 31bn in committed credit facilities, using just CZK 15m as at June 30, 2015.
- The payment of dividends for 2014 (CZK 21.4bn) began on August 3, 2015.
- On June 23, 2015, Moody's lowered the rating of ČEZ, a. s. to A3 with stable outlook (from the previous A2-), which aligned Moody's rating with that of Standard and Poor's (A- with stable outlook).
- The 11th Eurobond issue (EUR 460.2m) was duly paid on May 26, 2015.
- At the end of June CEZ received a prestigious award for the best investor relations in Central & Eastern Europe. Awards are given by Investor Relations Magazine based on votes from investors and analyst.



Barbara Seidlová
Head of Investor
Relations

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WE BROUGHT WORK ON TEMELÍN AND DUKOVANY NNPPS IN LINE WITH APPROVED NAP NE



The management of ČEZ, a. s. **approved amendments to Dukovany NNPP and Temelín NNPP Business Plans**, which reflect the approved SEP and NAP NE and define activities and budgets until the end of 2016.

Particular emphasis is currently put on:

- **Preserving the value of the Temelín NNPP project**—administration of issued permits, including compliance with conditions in the environmental impact assessment (EIA) statement and in the sitting permit decision, and completion of work on related and induced investments
- **Preparing the Dukovany NNPP project**—collecting site information for environmental impact assessment and the initial safety report, continued acquisition of land, adjusting relations with regions and neighboring municipalities
- **Preparing the spin-off of the projects** for new nuclear power plants at Temelín and Dukovany into an SPV
- Initiating the **environmental impact assessment (EIA) procedure for the Dukovany NNPP**—the screening and scoping process will be initiated by submitting a “Project Notification” to the Ministry of the Environment in September 2015

WHOLESALE MARKET AND CONSUMPTION DEVELOPMENT IN THE CZECH REPUBLIC



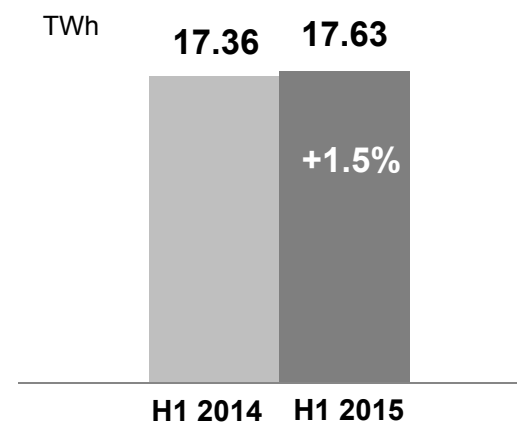
WHOLESALE MARKET

- The wholesale price of electricity on the German market (CAL 16—2016 year band—EEX) is around 32 EUR/MWh, the price on the Czech market (PXE) is approx. 0.4 EUR/MWh lower
- The price of emission allowances is around 8 EUR/t EUA
- Developments in the price of electricity will be influenced, in particular, by the fulfillment of the EU ETS reform and developments in coal prices in world markets

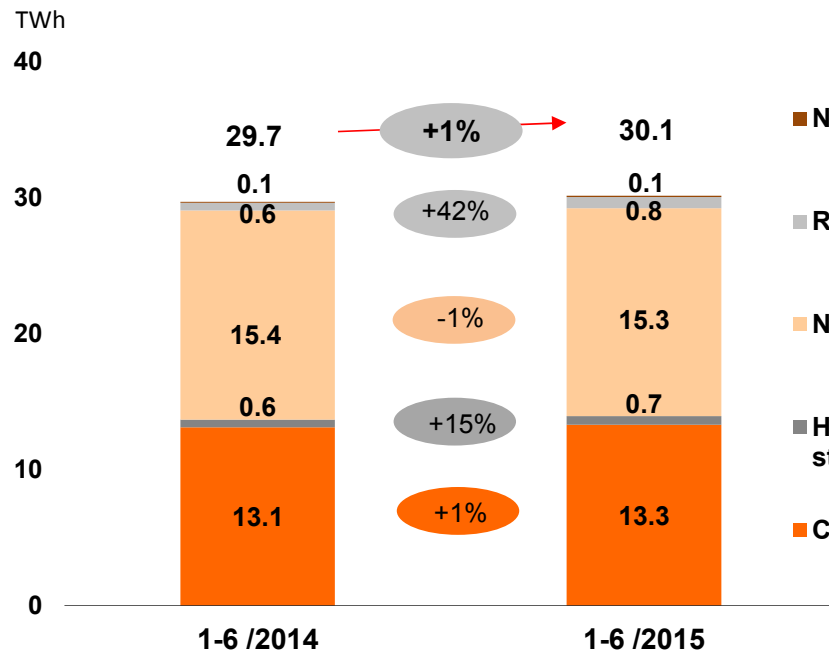
GROWING ELECTRICITY CONSUMPTION IN THE CZECH REP.*

- Electricity consumption in the Czech Rep. is growing by 2.5%
- After temperature and calendar adjustment, consumption is growing by 1.5%

Consumption in the distribution area
of ČEZ Distribuce* (temperature- and
calendar-adjusted)



GENERATION IN THE CZECH REP.—ANNUAL OUTLOOK REDUCED BY 2 TWH DUE TO LEDVICE PP POSTPONEMENT AND LONGER TEMELÍN OUTAGE



Nuclear Power Plants (-1%)

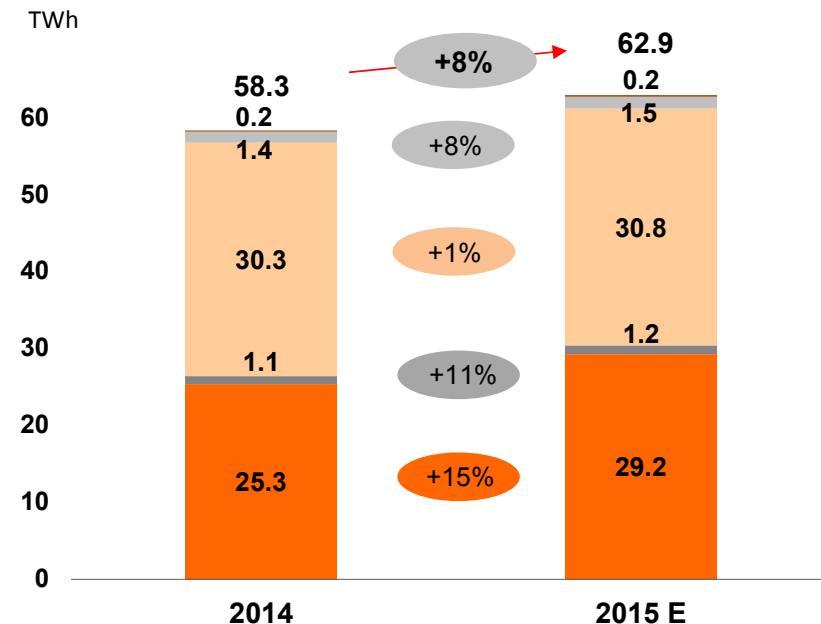
– Planned outage of Temelín NPP prolonged

Coal-Fired Power Plants (+1%)

+ Shorter planned outages at Tušimice 2 Power Plant

Renewables (+42%)

+ Higher flow rates at hydro plants due to hydrometeorologic conditions



Nuclear Power Plants (+1%)

+ Increased capacity of Temelín NPP

– Planned outage of Temelín NPP prolonged

Coal-Fired Power Plants (+15%)

+ Start of pilot operation of Ledvice 4 Power Plant (new facility)

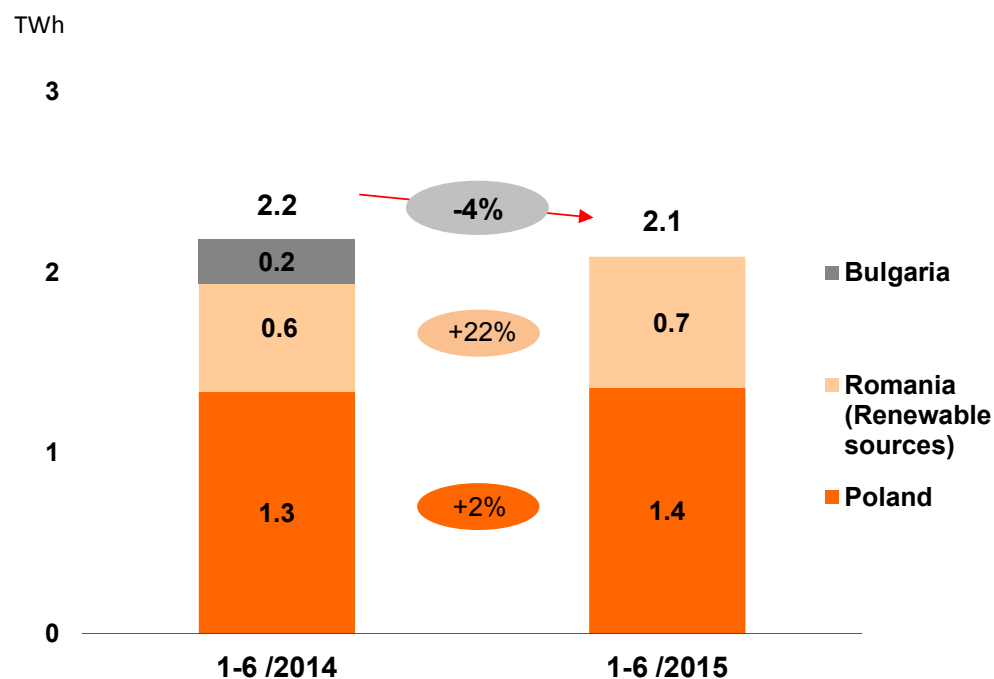
+ Comprehensive renovation of units at Prunéřov 2 Power Plant

– Putting the last unit of Ledvice 2 Power Plant to reserve

Renewables (+8%)

+ Average climatic conditions expected, as opposed to extremes in 2014

GENERATION ABROAD



Bulgaria

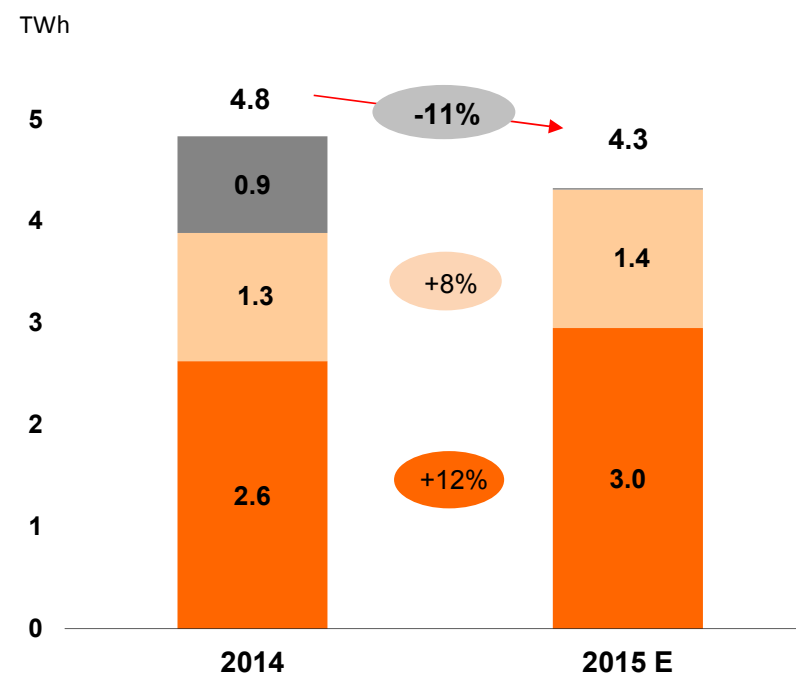
– Operation of Varna coal-fired power plant suspended since Jan 1, 2015

Romania (+22%)

- + Higher production due to better weather conditions
- Lower production of hydro plants at Reșița

Poland (+2%)

- + Higher production primarily due to increased share of biomass combustion at ELCHO Power Plant



Romania (+8%)

- + Higher wind farm production in connection with worse-than-average weather conditions in 2014
- Production of hydro plants at Reșița slightly below 2014 figures

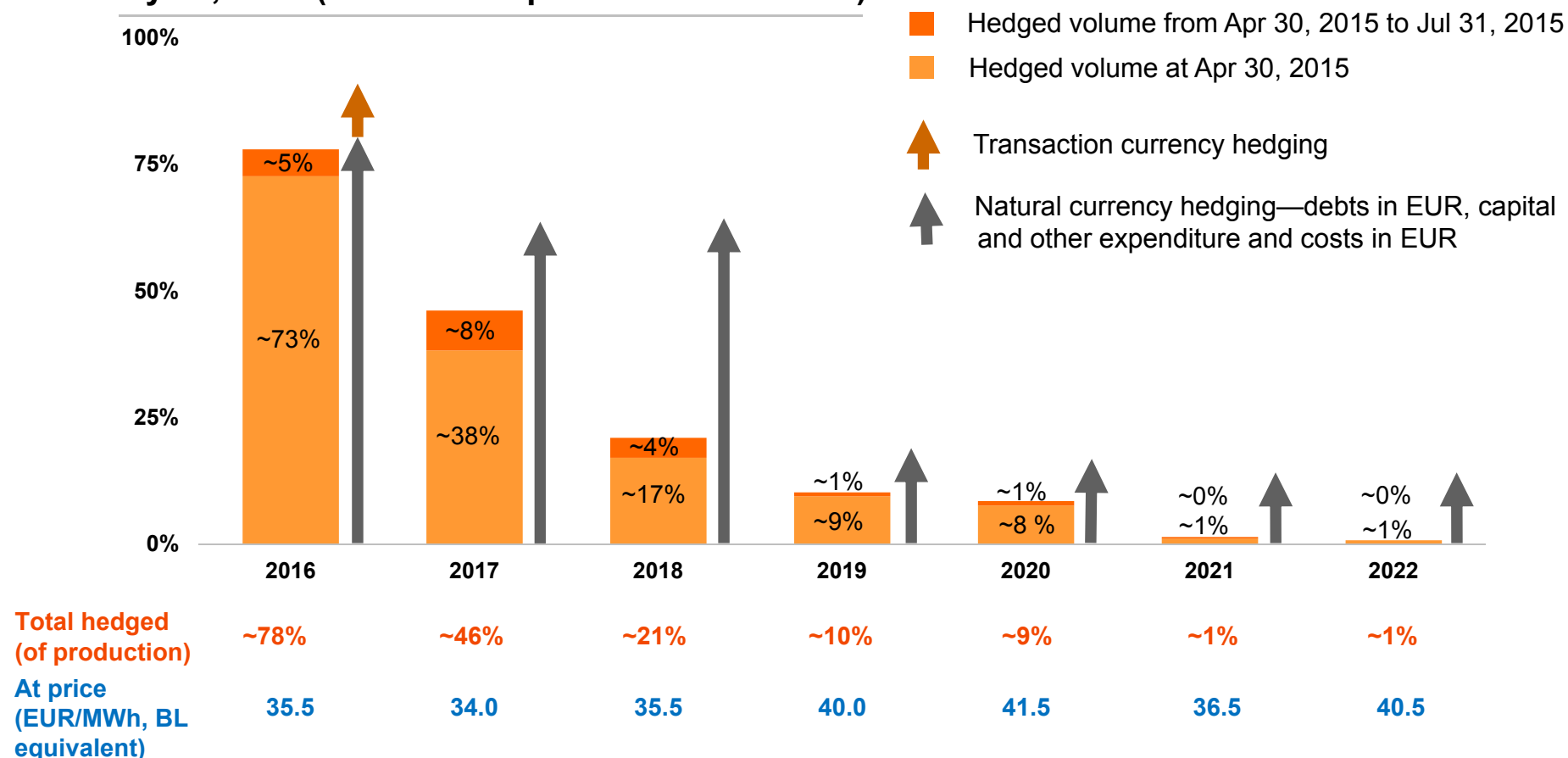
Poland (+12%)

- + Increased production of both power plants; at the Skawina Power Plant, it is related to the increased efficiency of upgraded turbines in 2015

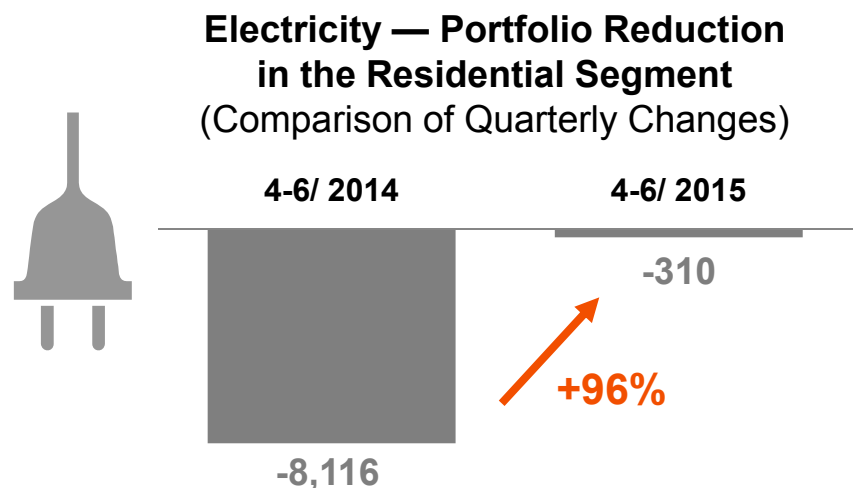
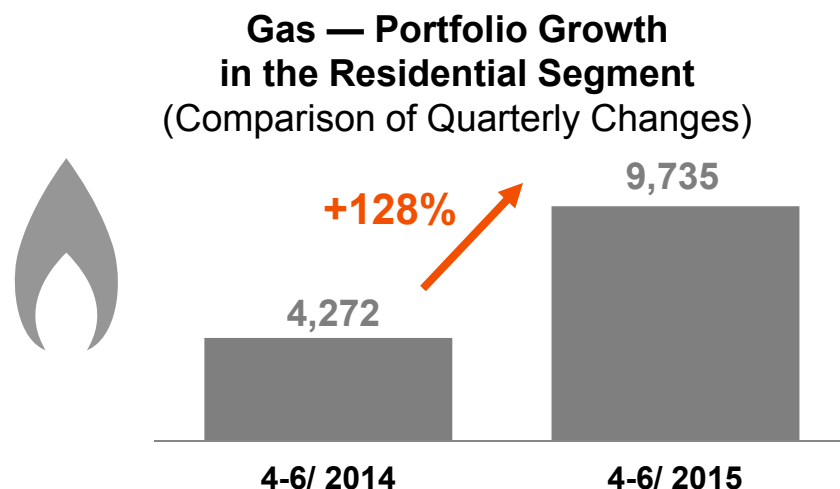
ČEZ CONTINUES HEDGING ITS REVENUES FROM SALES OF ELECTRICITY IN THE MEDIUM TERM IN LINE WITH STANDARD POLICY



Share of Hedged Production from ČEZ* Facilities as at July 31, 2015 (100% corresponds to 56–58 TWh)



THE NUMBER OF OUR CUSTOMERS GREW IN Q2 FOR GAS, IT IS STABILIZING FOR ELECTRICITY

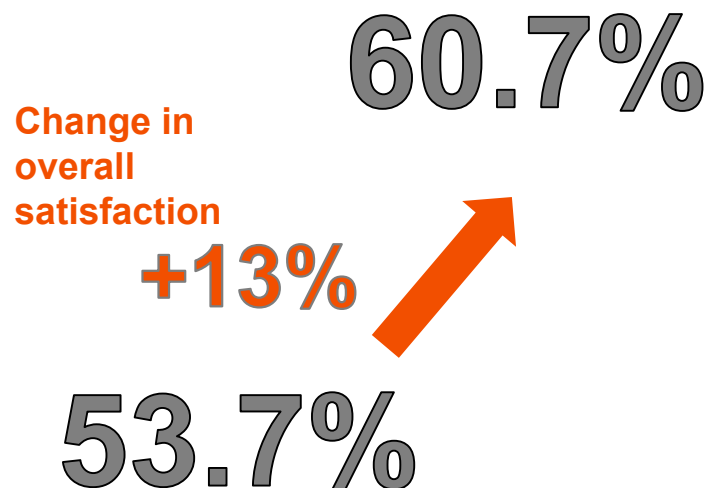


- **ČEZ Prodej** remains the largest alternative gas supplier in the Czech Rep. in terms of connection points.
- At the end of June 2015 we delivered gas to more than **367,000 customers**.
- Better offer and interesting services **decrease** our customers' **motivation to switch to a competitor**.
- **Everything under the same roof** = Customers can get electricity, gas, and mobile telephony from a single supplier.

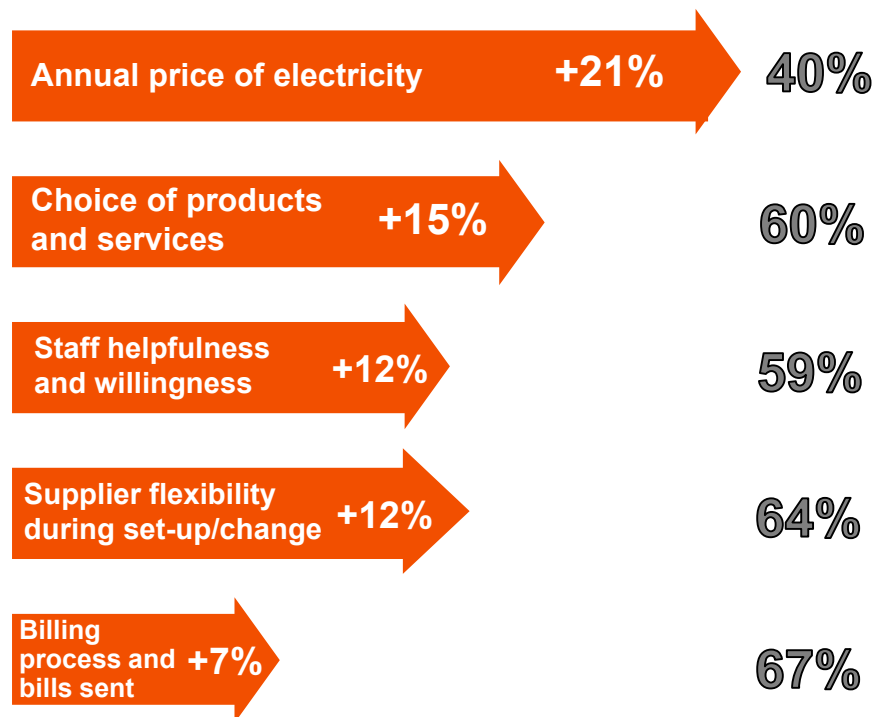
CUSTOMERS APPRECIATE THE QUALITY OF OUR SERVICES, SATISFACTION WITH ČEZ IS GROWING



**Customer satisfaction with ČEZ
grew by 13% in H1 2015**



**Satisfaction with the price and other key
aspects grew the most**



OVERALL SATISFACTION

WE ARE IMPROVING SERVICE AND SALES CHANNELS



With our new ČEZ POINT stores, we are as close to our customers as possible

- First stores in Forum Liberec and Futurum Hradec Králové malls
- **Open daily** from 9 A.M. to 8 (9) P.M.
- Modern and attractive appearance
- Based on collaboration with a business partner
- In addition to **electricity, gas** and **Mobile from ČEZ, cell phones and accessories** are being offered
- The ČEZ POINT stores complemented CEZ Group's network of 24 customer centers and 53 contractual partners



The award-winning quality of our contact centers was confirmed by another international competition

We won four medals in a competition organized by the Canadian association Contact Center World in June:

- Gold for Best Customer Program
- Two silvers for Best Customer Service and Best Home Office Program
- Bronze for Best Contact Center
- ČEZ Zákaznické služby made it from the Europe, Middle East, and Africa regional group to the worldwide final

WE ARE INSTALLING CHARGING STATIONS FOR CELL PHONES AS WELL AS FOR ELECTRIC CARS



Public cell phone charging stations

- People can charge their cell phones for free at 15 public charging stations **in 13 malls throughout the Czech Rep.**
- By the end of June **we charged a total of 31,962 mobile devices for free**

MAP OF ČEZ CHARGING STATIONS



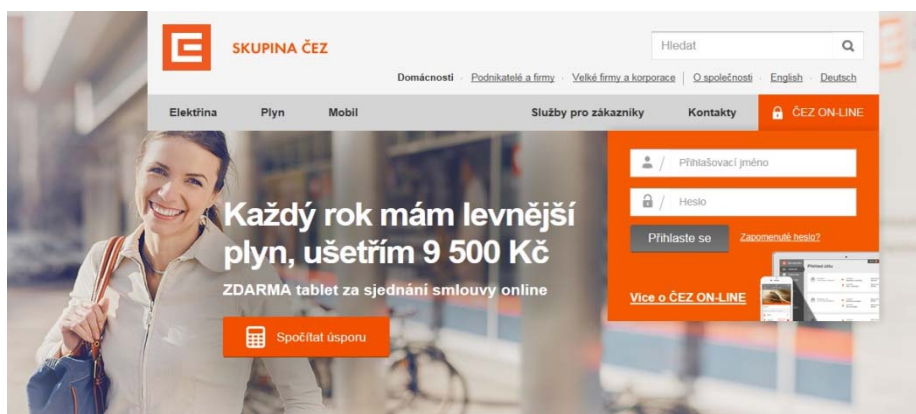
Electric car charging stations

- Electric car drivers can charge their vehicles at **ČEZ's 45 public charging stations** throughout the Czech Rep.
- **More than 50 partners** have already joined the **ČEZ Electromobility** project

WE ARE IMPROVING ONLINE COMMUNICATION AND WE ARE ACTIVE IN SOCIAL MEDIA



We gave CEZ Group's website a facelift according to our customers' wishes



- The new design of the www.cez.cz website, launched in June, was prepared on the basis of feedback from user research
- **More simplicity and responsive web design** (fully featured viewing on various types of devices including cell phones and tablets)
- **Easier-to-use customer care section**

We inform about important events quickly and online

Members of the Board of Directors now communicate on **Twitter**:

Daniel Beneš (@daniel_benes)

Pavel Cyrani (@pcyrani)

Michaela Chaloupková (@MichaChaloupkov)



Daniel Beneš

@daniel_benes

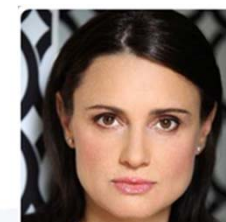
Předseda představenstva a generální ředitel @SkupinaCEZ, viceprezident Svazu průmyslu a dopravy ČR



Pavel Cyrani

@pcyrani

Člen představenstva @SkupinaCEZ, ředitel divize obchod a strategie / Member of the Board of Directors @SkupinaCEZ, Chief Commercial and Strategy Officer



Michaela Chaloupková

@MichaChaloupkov

Členka představenstva ČEZ, a. s., CSR Leader Skupiny ČEZ

CEZ Group's Twitter (@SkupinaCEZ) is used actively for the latest and quick news



Skupina ČEZ @SkupinaCEZ · 12. 5.

Skupina #ČEZ hospodařila v #Q1 se ziskem 7,6 mld. Kč. Navrhovaná #dividenda z r. #2014 činí 40 Kč. #hospodaření #results

WE MOVE TO HELP AND INVOLVE THE PUBLIC



Maybe you have already helped too...

- Whether you run, bike, or walk with your cell phone, **your activity and energy always generate points for your selected project** that will get a financial contribution from ČEZ Foundation.
- **Optimized** for all basic types of exercise, from recreational to endurance activities: **running, biking, walking, skiing, ice-skating...**
- Available for smartphones running on **ANDROID** and **iOS**

EPP in figures:

- **110,151** contributors
- **150,759** hours of exercise
- **1,123,349** km covered
- **81,271,688** calories burnt

49 supported projects worth **CZK 3.8 million**



ANNEXES



- National Action Plan for Smart Grids
- Mining
- Electricity Consumption
- Market Developments
- Investments in Fixed Assets (CAPEX)
- Balance Sheet Overview
- Electricity Balance

FOLLOWING UPDATE OF STATE ENERGY POLICY, NATIONAL ACTION PLAN FOR SMART GRIDS (NAP SG) APPROVED

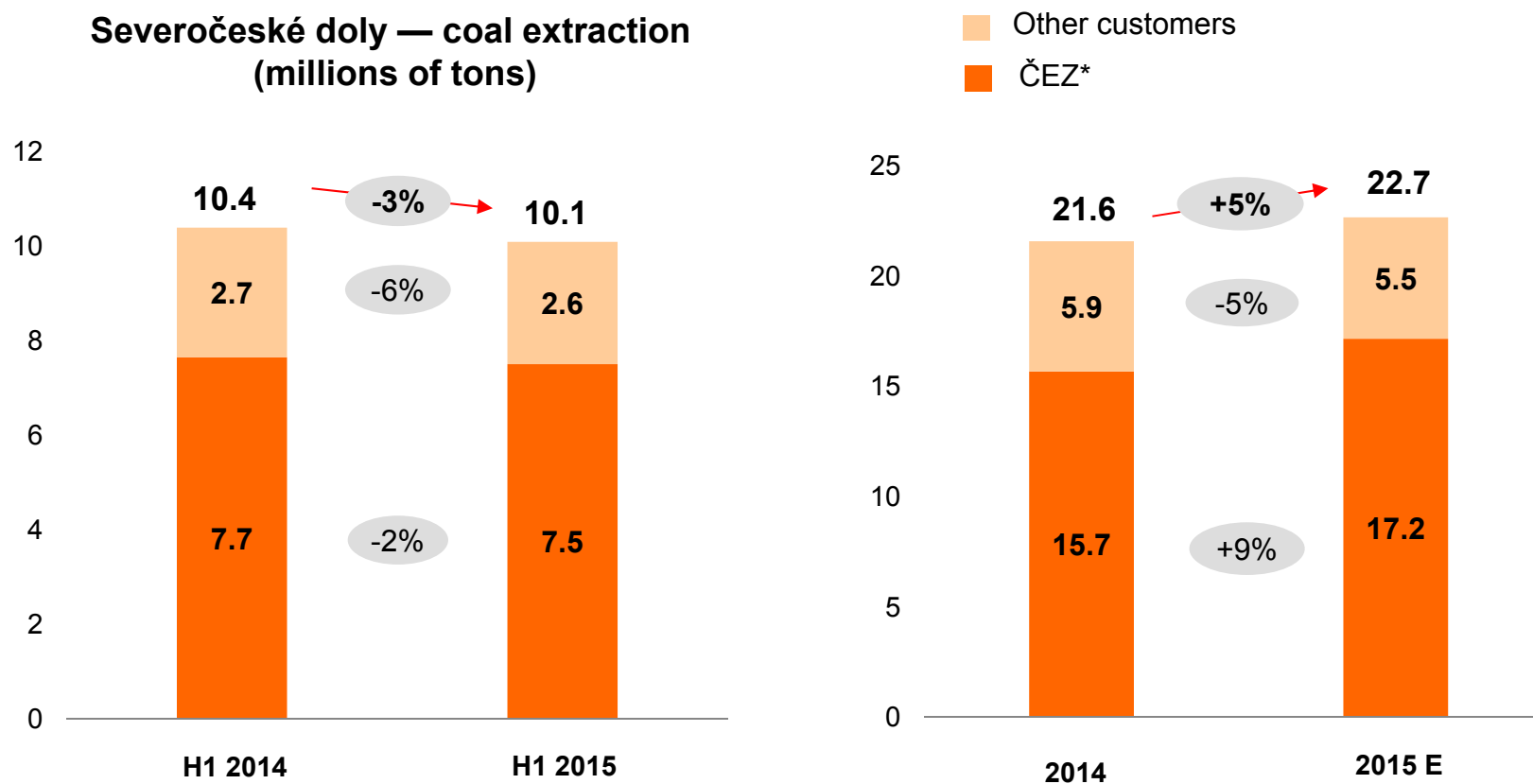


The Czech Republic's National Action Plan for Smart Grids anticipates, besides other things:

- **Introducing a new management method for the electricity system and smart grids** — due to the integration of large volumes of electricity generated by intermittent sources and expected growth in small sources generation
- **Developing grid infrastructure** to ensure reliable and secure operation as well as the required development of distributed electricity generation (especially RES), including the connection of small heat generation facilities, and generation, accumulation, and consumption management, with regard to the need for improvement in energy efficiency
- **Gradual introduction of smart grids**, in several stages; since investments in them will be reflected in the regulated component of the price of electricity, the manner and speed of smart grid introduction must be matched with benefits for consumers



Severočeské doly — coal extraction (millions of tons)

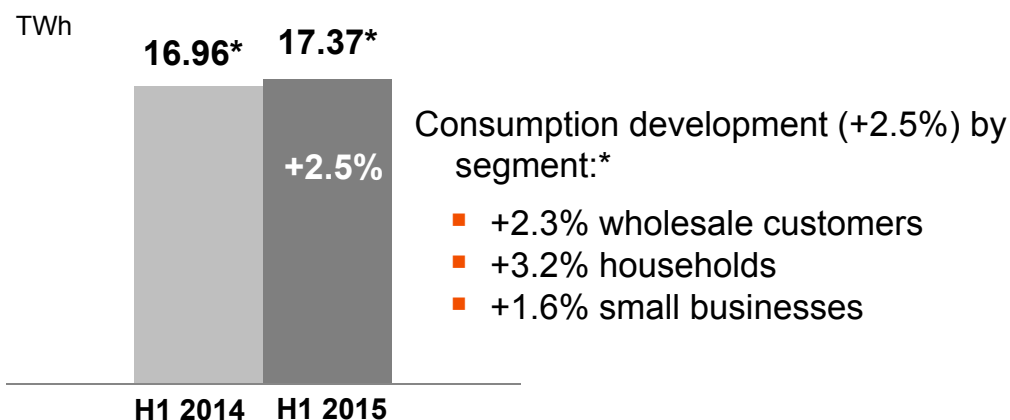


■ Other customers' demand for coal affected by warm winter

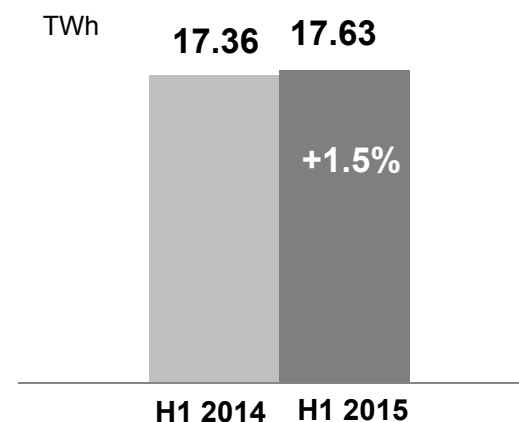
ELECTRICITY CONSUMPTION IN THE DISTRIBUTION AREA OF ČEZ DISTRIBUCE GREW YEAR-ON-YEAR



Consumption in the distribution area of ČEZ Distribuce

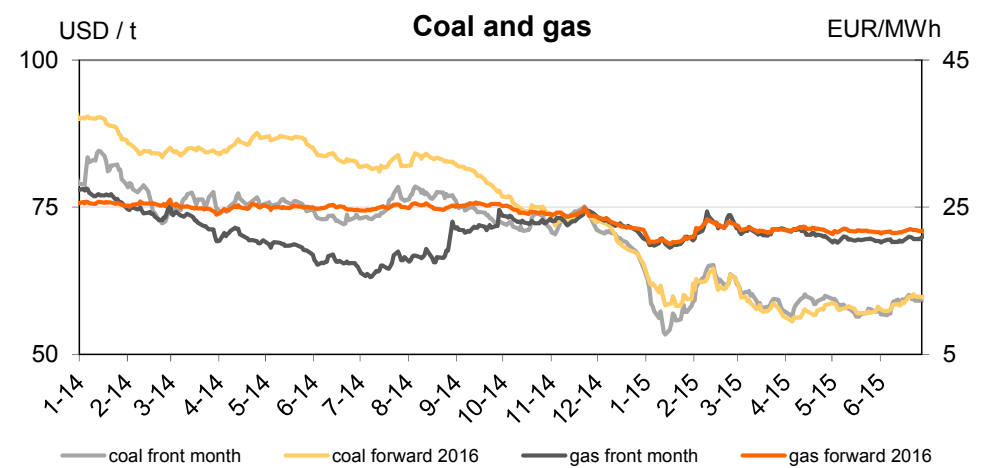
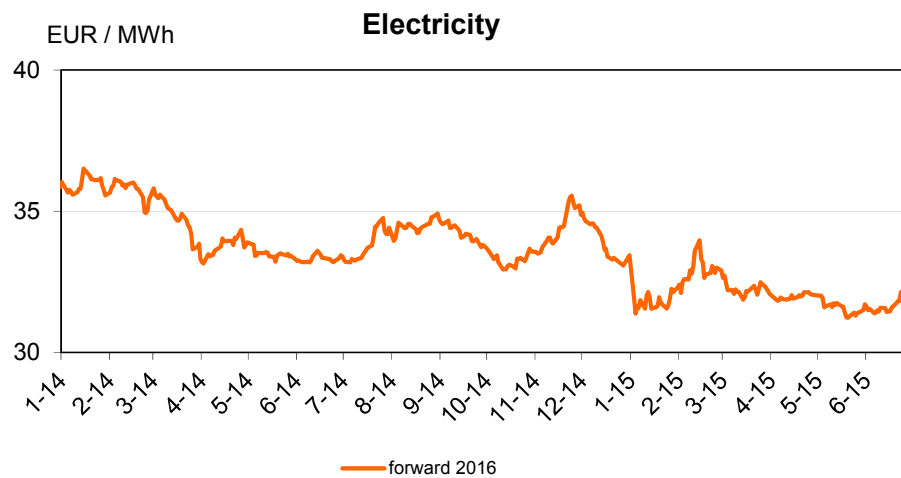
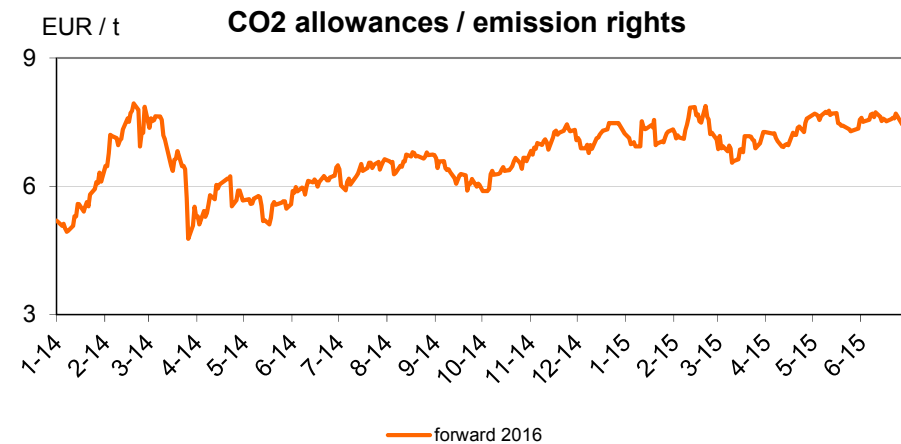
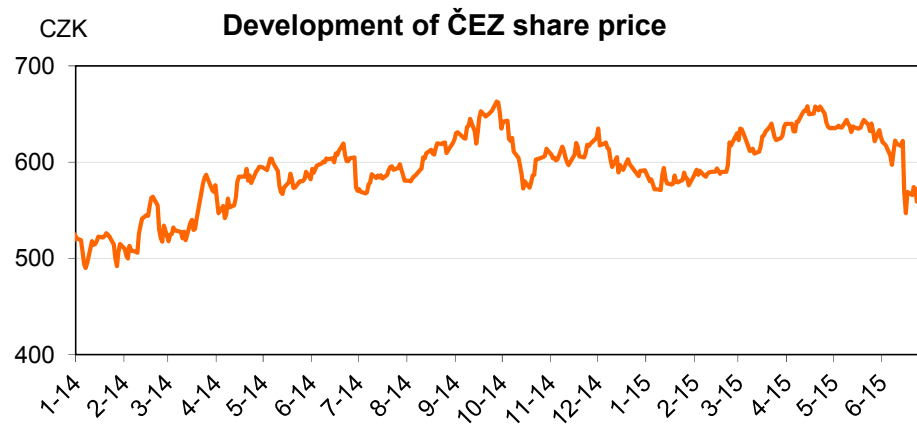


Consumption in the distribution area of ČEZ Distribuce (Temperature- and Calendar-Adjusted)**



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

MARKET DEVELOPMENTS



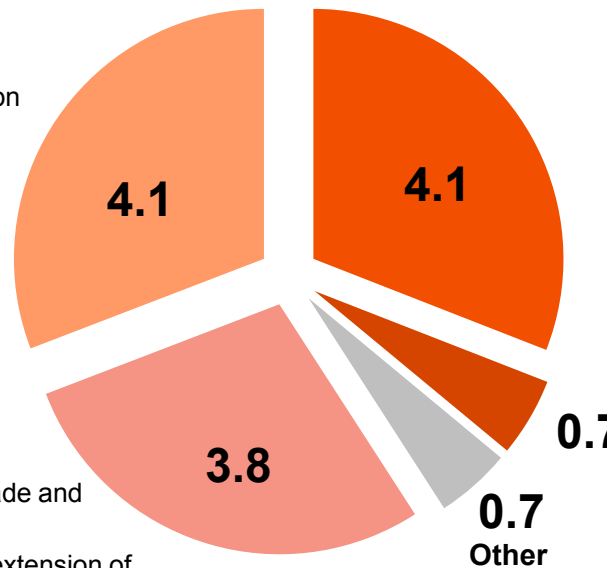
INVESTMENTS IN FIXED ASSETS (CAPEX)



**CZK 13.4bn in total
(H1 2015)**

Electricity distribution:

- Czech Republic: CZK 3.3bn
- Abroad: CZK 0.9bn



Conventional power plants Czech Republic:

- Construction of a new supercritical facility in Ledvice
- Comprehensive renovation of Prunéřov Power Plant
- Other investments

Nuclear facilities:

- Temelín NPP — Undertaking projects to meet the requirements of the National Action Plan for Safety Enhancement, projects relating to equipment upgrade and renovation
- Dukovany NPP — Projects related to the planned extension of operation beyond 2015 and projects to meet the requirements of the National Action Plan for Safety Enhancement
- Temelín NNPP — Continued work with the aim to preserve and develop the value of the project and prepare the project for alternative possibilities of investing and financing arrangements and to comply with conditions in the issued EIA statement and the issued sitting permit, preparations for project spin-off into an SPV
- Dukovany NNPP — Preparation of supporting documents for the initiation of the EIA process, preparations for project spin-off into an SPV

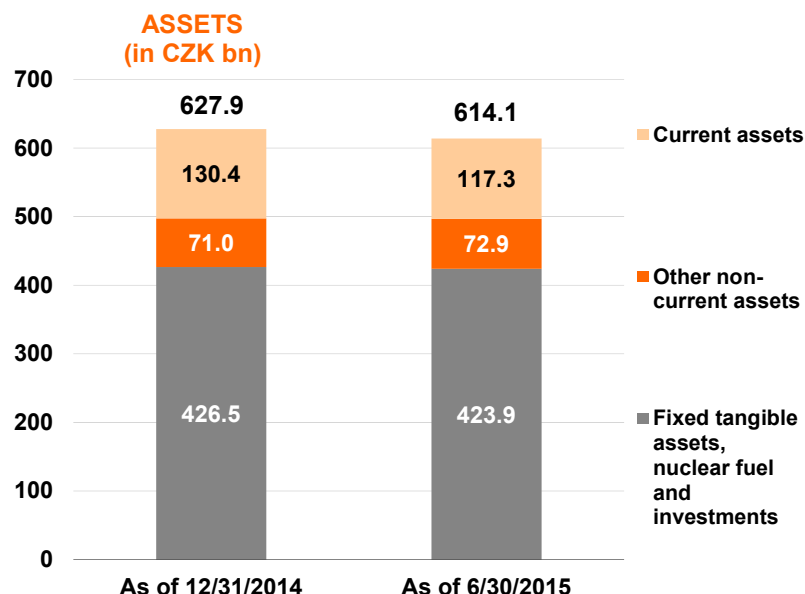
Mining — Projects reacting to the progress of extraction in the two mines (renovation and upgrades of equipment and dressing and crushing operations, construction of stabilization measures and water management structures)

BALANCE SHEET OVERVIEW



Fixed Assets

- Decrease in tangible fixed assets of CZK -2.7bn due to depreciation, partially compensated for by investments in the renewal and construction of generating facilities and distribution grids and increase in nuclear fuel inventory
- Increase in other fixed assets of CZK +2.0bn: primarily due to increase in long-term receivables from derivative trading of CZK +2.5bn and available-for-sale financial assets of CZK +2.1bn, compensated for by decrease in the value of investment in joint ventures of CZK -1.8bn



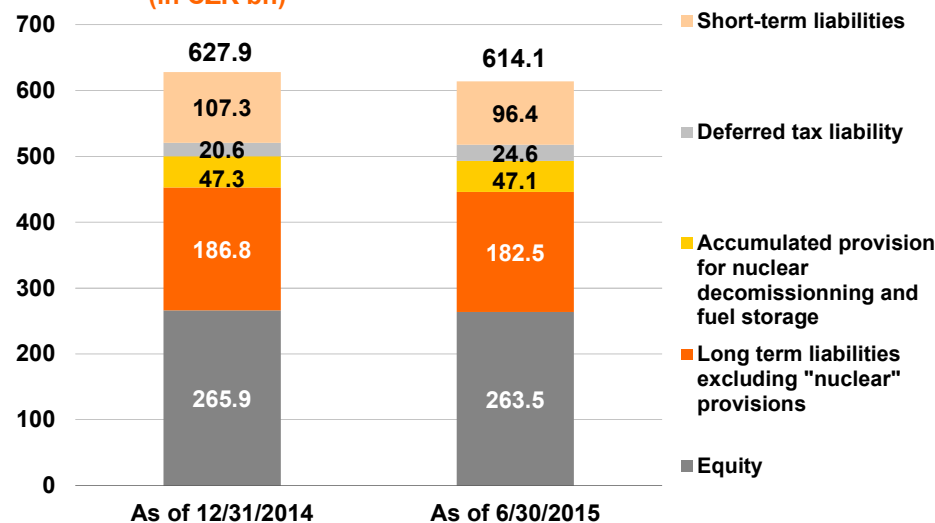
Current Assets

- Decrease in short-term receivables from derivative trading incl. options of CZK -6.9bn, and receivables, CZK -5.5bn net
- Decrease in inventories of emission allowances, fossil fuels, and materials of CZK -4.5bn
- Increase in income tax receivables of CZK +2.2bn and liquid securities and short-term deposits of CZK +1.7bn

Equity and Long-Term Liabilities

- Decrease in equity of CZK -2.3bn: dividends CZK -21.4bn, increase in net income CZK +15.4bn, other comprehensive income CZK +3.5bn, sale of treasury shares CZK +0.1bn
- Decrease in long-term liabilities w/o nuclear provisions of CZK -4.2bn: primarily due to change in issued bonds of CZK -9.3bn and long-term derivative liabilities of CZK -0.4bn, partially compensated for by increase in long-term bank loans of CZK +5.9bn

EQUITY AND LIABILITIES

(in CZK bn)


Short-Term Payables

- Decrease in current portion of long-term debt incl. short-term bank loans of CZK -10.4bn and trade payables incl. received advances of CZK -6.2bn
- Decrease in short-term liabilities from derivative trading incl. options of CZK -4.9bn and unbilled goods and services of CZK -4.6bn
- Decrease in emission allowance provisions of CZK -4.3bn and decrease in accrued interest of CZK -1.3bn
- Increase in liabilities to shareholders on account of approved dividends of CZK +21.4bn

Electricity balance (GWh)

	Q1 - Q2 2014	Q1 - Q2 2015	Index 2015/2014
Electricity procured	28 608	28 844	+1%
Generated in-house (gross)	31 891	32 235	+1%
In-house and other consumption, including pumping in pumped-storage plants	-3 283	-3 391	+3%
Sold to end customers	-17 820	-19 197	+8%
Sold in the wholesale market (net)	-8 263	-7 111	-14%
Sold in the wholesale market	-86 712	-99 630	+15%
Purchased in the wholesale market	78 449	92 519	+18%
Grid losses	-2 525	-2 536	+0%

Electricity generation by source (GWh)

	Q1 - Q2 2014	Q1 - Q2 2015	Index 2015/2014
Nuclear	15 397	15 294	-1%
Coal and lignite	14 531	14 439	-1%
Water	993	1 263	+27%
Biomass	279	371	+33%
Photovoltaic	74	74	-0%
Wind	556	701	+26%
Natural gas	60	92	+52%
Bio gas	1	1	+82%
Total	31 891	32 235	+1%

Sales of electricity to end customers (GWh)

	Q1 - Q2 2014	Q1 - Q2 2015	Index 2015/2014
Households	-6 689	-6 890	+3%
Commercial (low voltage)	-3 042	-2 893	-5%
Commercial and industrial (medium and high voltage)	-8 089	-9 414	+16%
Sold to end customers	-17 820	-19 197	+8%
 Distribution of electricity to end customers	 -24 248	 -24 921	 +3%

Electricity balance (GWh)

Q1 - Q2 2015	Czech Republic		Poland		Other Central Europe		Bulgaria		Romania		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Electricity procured	26,919	+1%	1,202	+2%	0	-	3	-99%	719	+22%	0	-	28,844	+1%
Generated in-house (gross)	30,146	+1%	1,360	+2%	0	-	3	-99%	726	+22%	0	-	32,235	+1%
In-house and other consumption, including pumping in pumped-storage plants	-3,227	+4%	-157	-0%	0	-	0	-	-7	-12%	0	-	-3,391	+3%
Sold to end customers	-10,197	+3%	-850	>200%	-1,550	+16%	-4,898	+2%	-1,703	+6%	0	-	-19,197	+8%
Sold in the wholesale market (net)	-15,433	-0%	-353	-64%	1,550	+16%	5,572	+7%	1,553	-5%	0	-	-7,111	-14%
Sold in the wholesale market	-101,058	+17%	-1,429	+18%	-33	-22%	-188	-49%	-1,030	+29%	4,107	+78%	-99,630	+15%
Purchased in the wholesale market	85,625	+20%	1,076	>200%	1,583	+14%	5,760	+4%	2,583	+6%	-4,107	+78%	92,519	+18%
Grid losses	-1,289	+1%	0	-	0	-	-677	+7%	-570	-7%	0	-	-2,536	+0%

Electricity generation by source (GWh)

Q1 - Q2 2015	Czech Republic		Poland		Other Central Europe		Bulgaria		Romania		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	15,294	-1%	0	-	0	-	0	-	0	-	0	-	15,294	-1%
Coal and lignite	13,292	+1%	1,147	-2%	0	-	0	-	0	-	0	-	14,439	-1%
Water	1,227	+30%	6	+24%	0	-	0	-	30	-34%	0	-	1,263	+27%
Biomass	164	+37%	207	+30%	0	-	0	-	0	-	0	-	371	+33%
Photovoltaic	71	-1%	0	-	0	-	3	+19%	0	-	0	-	74	-0%
Wind	5	+5%	0	-	0	-	0	-	696	+26%	0	-	701	+26%
Natural gas	92	+52%	0	-	0	-	0	-	0	-	0	-	92	+52%
Bio gas	1	+82%	0	-	0	-	0	-	0	-	0	-	1	+82%
Total	30,146	+1%	1,360	+2%	0	-	3	-99%	726	+22%	0	-	32,235	+1%

Sales of electricity to end customers (GWh)

Q1 - Q2 2015	Czech Republic		Poland		Other Central Europe		Bulgaria		Romania		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	-3,720	+2%	0	-	-67	-2%	-2,285	+3%	-818	+8%	0	-	-6,890	+3%
Commercial (low voltage)	-1,231	-5%	0	-	-45	+40%	-1,166	-5%	-451	-7%	0	-	-2,893	-5%
Commercial and industrial (medium and high voltage)	-5,246	+6%	-850	>200%	-1,438	+16%	-1,447	+8%	-434	+21%	0	-	-9,414	+16%
Sold to end customers	-10,197	+3%	-850	>200%	-1,550	+16%	-4,898	+2%	-1,703	+6%	0	-	-19,197	+8%
Distribution of electricity to end customers	-16,918	+3%	0	-	0	-	-4,805	+4%	-3,198	+1%	0	-	-24,921	+3%

Electricity balance (GWh)

Q1 - Q2 2015	Power Production & Trading CE		Distribution & Sale CE		Power Production & Trading SEE		Distribution & Sale SEE		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Electricity procured	28,122	+1%	0	-	722	-12%	0	-	0	-	28,844	+1%
Generated in-house (gross)	31,506	+1%	0	-	729	-14%	0	-	0	-	32,235	+1%
In-house and other consumption, including pumping in pumped-storage plants	-3,384	+4%	0	-	-7	-74%	0	-	0	-	-3,391	+3%
Sold to end customers	-116	>200%	-12,480	+9%	0	-	-6,601	+3%	0	-	-19,197	+8%
Sold in the wholesale market (net)	-28,006	+1%	13,769	+9%	-722	-12%	7,847	+3%	0	+54%	-7,111	-14%
Sold in the wholesale market	-113,147	+14%	-1,363	-23%	-1,145	+40%	-303	-45%	16,328	+7%	-99,630	+15%
Purchased in the wholesale market	85,142	+20%	15,132	+5%	422	>200%	8,151	-0%	-16,328	+7%	92,519	+18%
Grid losses	0	-	-1,289	+1%	0	-	-1,246	-0%	0	-	-2,536	+0%

Electricity generation by source (GWh)

Q1 - Q2 2015	Power Production & Trading CE		Distribution & Sale CE		Power Production & Trading SEE		Distribution & Sale SEE		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	15,294	-1%	0	-	0	-	0	-	0	-	15,294	-1%
Coal and lignite	14,439	+1%	0	-	0	-	0	-	0	-	14,439	-1%
Water	1,233	+30%	0	-	30	-34%	0	-	0	-	1,263	+27%
Biomass	371	+33%	0	-	0	-	0	-	0	-	371	+33%
Photovoltaic	71	-1%	0	-	3	+19%	0	-	0	-	74	-0%
Wind	5	+5%	0	-	696	+26%	0	-	0	-	701	+26%
Natural gas	92	+52%	0	-	0	-	0	-	0	-	92	+52%
Bio gas	1	+82%	0	-	0	-	0	-	0	-	1	+82%
Total	31,506	+1%	0	-	729	-14%	0	-	0	-	32,235	+1%

Sales of electricity to end customers (GWh)

Q1 - Q2 2015	Power Production & Trading CE		Distribution & Sale CE		Power Production & Trading SEE		Distribution & Sale SEE		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	0	-	-3,787	+2%	0	-	-3,103	+4%	0	-	-6,890	+3%
Commercial (low voltage)	-1	+12%	-1,275	-4%	0	-	-1,617	-6%	0	-	-2,893	-5%
Commercial and industrial (medium and high voltage)	-115	>200%	-7,418	+17%	0	-	-1,881	+11%	0	-	-9,414	+16%
Sold to end customers	-116	>200%	-12,480	+9%	0	-	-6,601	+3%	0	-	-19,197	+8%
 Distribution of electricity to end customers	 0	 -	 -16,918	 +3%	 0	 -	 -8,003	 +3%	 0	 -	 -24,921	 +3%