ČEZ earned CZK 7.7 billion in 1H and confirms its annual outlook for net income of CZK 12–14 billion. ČEZ's worth has increased by almost CZK 47 billion since the beginning of the year.

CEZ Group's revenues amounted to CZK 86.3 billion, EBITDA was CZK 26.9 billion, and net income was CZK 7.7 billion in the first half of 2018. A year-on-year comparison of profits is significantly affected by non-recurrent revenue of almost CZK 7 billion in 2017, primarily the sale of MOL stock. Moreover, a significant increase in commodity prices adversely affected the income in the first half of 2018 due to temporary revaluation of hedges for the supplies of electricity from planned generation for the second half of 2018. CEZ Group's real performance in the first half-year is thus in line with expectations and the Group confirms its estimate of adjusted net income of CZK 12 to 14 billion for the full 2018 year as well as its estimated EBITDA of CZK 51 to 53 billion.

Operating revenues amounted to CZK 86.3 billion, increasing by CZK 0.9 billion year-on-year after adjustment for methodology changes in IFRS. Generation in the traditional energy segment decreased by 3 percent to 29.8 TWh, with generation at nuclear power plants increasing by 7% to 14.9 TWh. CEZ Group estimates its total electricity generation at conventional facilities in 2018 to increase by 2 percent. Electricity generation in the new energy segment (i.e., wind, photovoltaic, and small hydroelectric power plants) in the first half-year amounted to 1.0 TWh, the same amount as in the first six months of 2017.

"Our performance in the first half of the year is in line with our expectations, so we confirm our annual outlook for financial performance in terms of both net income and EBITDA. We managed to increase generation at our nuclear power plants by 1.0 TWh in the first half-year thanks to successful scheduled outages as well as shorter duration of unplanned outages. Moreover, we increased the achievable capacity of a Temelín unit by 2 MWe. The market capitalization of ČEZ has increased by almost CZK 47 billion since the beginning of the year; in addition, we paid our shareholders almost CZK 18 billion in dividends," says Daniel Beneš, Chairman of the Board of Directors and CEO of ČEZ.

"A year-on-year decrease in EBITDA was primarily due to the impact of increased market prices of electricity on temporary revaluation of hedges for the supplies of electricity from planned generation for the second half of 2018. This temporary negative effect of CZK 1.2 billion will be offset in the second half-year because actual supplies of electricity will be realized at a value CZK 1.2 billion higher than the nominal value of hedging. In addition, there was a year-on-year increase of CZK 1.0 billion in expenses on emission allowances and no repetition of the non-recurrent positive effects of 2017. At the level of 2017 EBITDA, these were the effects of a settlement agreement with Sokolovská uhelná (CZK +0.7 billion) and a settlement agreement with Bulgarian state-owned energy company NEK (CZK +0.4 billion). At the level of net income, there was an additional positive effect of a non-recurrent sale of real estate in Prague (CZK +1.1 billion) and especially of the termination of MOL stockholding (CZK +4.5 billion) in 2017," explains Martin Novák, Vice-Chairman of the Board of Directors and Chief Financial and Operations Officer.

In accordance with ČEZ's medium-term hedging strategy, increasing market electricity prices are reflected in ČEZ's financial performance with a delay. Total realization prices of generated electricity, including the effect of hedges, were just CZK 0.2 billion lower in the first half of the current year than in the first half of 2017. ČEZ estimates the realization prices of generated electricity for the whole year of 2018 to be higher than in 2017 and in 2019 the impact of current increase in the wholesale prices will be even more distinctive.

"Wholesale electricity prices for 2019 have increased by more than 20 percent since the beginning of the year, primarily due to increased prices of emission allowances. To date, we have sold 77 percent of planned generation at an average price of almost 33 EUR/MWh for the next year, 48 percent of generation at an average price of 36 EUR/MWh for 2020, and 19 percent at almost 36 EUR/MWh for 2021," explains Pavel Cyrani, member of the Board of Directors and Chief Sales and Strategy Officer at ČEZ.

EU-wide targets for 2030 were set in June: a binding target of 32 percent of renewables in the gross final consumption of energy and an energy efficiency target of 32.5 percent. Both ambitious targets will help increase the potential of the quickly growing segment of energy services and renewables. ČEZ estimates that its ESCO group's revenue from sales of non-commodity products will exceed CZK 16 billion in line with its whole year ambition, which assumes a year-on-year increase of more than 23 percent.

Electricity consumption in the distribution area of ČEZ Distribuce decreased by 0.2 percent in the first half year; in temperature- and calendar-adjusted figures, there was an increase of 0.7 percent.