PRESENTATION ON CEZ GROUP FINANCIAL RESULTS IN H1 2018

NON-AUDITED CONSOLIDATED RESULTS
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

August 7, 2018

CONTENTS

CEZ GROUP FINANCIAL AND OPERATING RESULTS

(CZK bn)		Q1 - Q2 2017	Q1 - Q2 2018	Change	%
Revenues		100.9	86.3	-14.6	-14%
Revenues - comparable ****		85.4	86.3	+0.9	+1%
EBITDA		31.3	26.9	-4.4	-14%
EBIT		17.2	12.7	-4.6	-26%
Net income		16.7	7.7	-8.9	-54%
Net income - adjusted *		17.0	7.8	-9.1	-54%
Operating CF		23.6	21.1	-2.5	-11%
CAPEX		11.9	9.0	-3.0	-25%
Net debt **		119.4	128.3	+8.9	+7%
		Q1 - Q2 2017	Q1 - Q2 2018	Change	%
Installed capacity **	GW	15.4	14.9	-0.6	-4%
Generation of electricity - traditional energy	TWh	30.8	29.8	-1.1	-3%
Generation of electricity - new energy	TWh	1.0	1.0	0.0	0%
Electricity distribution to end customers	TWh	26.6	26.6	0.0	0%
Electricity sales to end customers	TWh	18.9	19.0	+0.1	+1%
Sales of natural gas to end customers	TWh	5.4	5.2	-0.2	-4%
Sales of heat	000´TJ	13.7	12.9	-0.9	-6%
Number of employees ** ***	000´s	27.0	30.4	+3.4	+13%

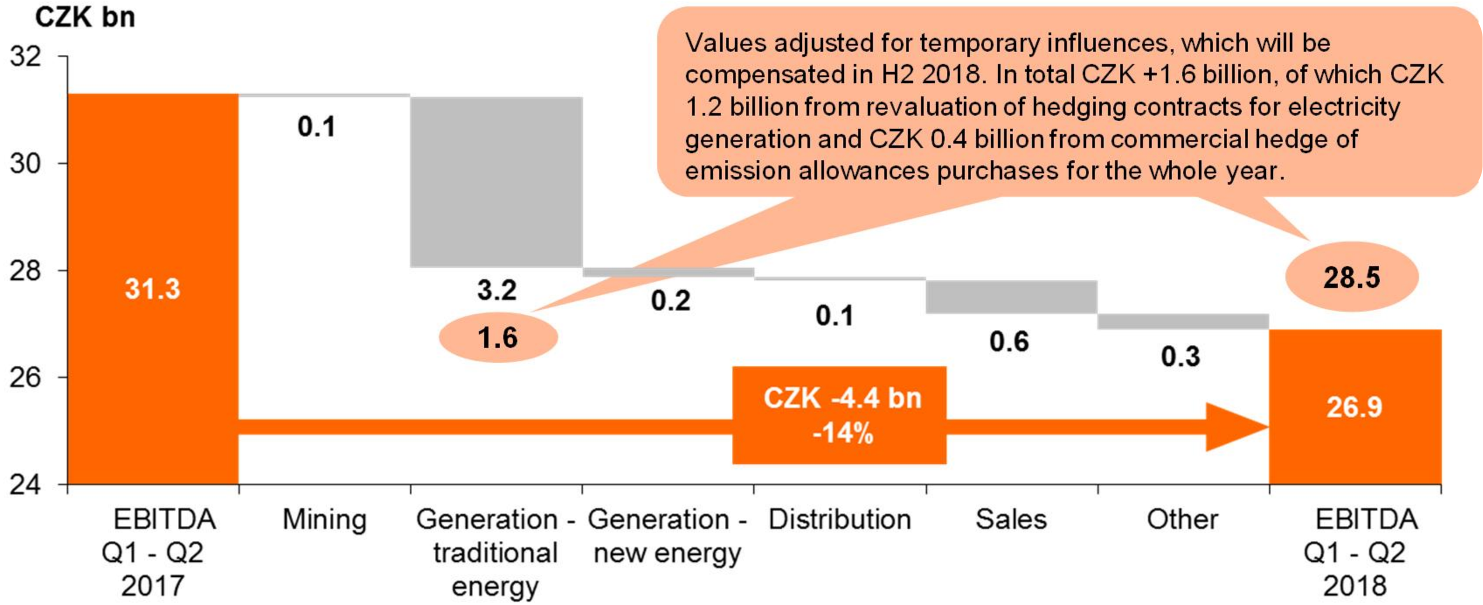
* Adjusted net income = Net income adjusted for extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as fixed asset impairments and goodwill write-offs)

** As at the last date of the period

*** The increase is primarily related to new acquisitions, in particular of German company Elevion (almost 2,000 employees), and insourcing of purchased services in Czechia

**** Comparison by application of IFRS 15 (which changes the method of presenting financial results from Jan 1, 2018) on Q1-Q2 2017, according to this standard distribution revenues and distribution expenses are not reported in a situation, when company sells electricity in the area, where it does not own the distribution network. Application of the standard materially impacts total revenues and expenses of energy corporations (without impacting total profit).

YEAR-ON-YEAR CHANGE IN EBITDA BY SEGMENT



Main causes of year-on-year change in H1 EBITDA:

Generation—Traditional Energy segment

- Impact of rising electricity prices on revaluation of contracts which hedge electricity production with deliveries in H2 2018 (CZK -1.2 billion), this temporary negative influence will be compensated in H2 because deliveries of electricity will be realised at the value CZK 1.2 billion higher than nominal value of hedging contracts.
- Higher expenses on emission allowances for generation (CZK -1.0 billion) of which CZK 0.4 billion will be compensated in H2 in connection with commercial hedge of purchase of allowances for the year 2018
- Effect of settlement agreement with Sokolovská uhelná in 2017 (CZK -0.7 billion)

Sales segment

- Positive effect of out-of-court settlement agreement made between CEZ Elektro Bulgaria and state-owned energy company NEK in 2017 (CZK -0.4 billion)

Due to precise mathematical rounding, the sum of partial values listed can sometimes differ from the total value.

OTHER INCOME AND EXPENSES

(CZK bn)	Q1 - Q2 2017	Q1 - Q2 2018	Change	%
EBITDA	31.3	26.9	-4.4	-14%
Depreciation, amortization and impairments*	**-14.1**	**-14.2**	**-0.1**	**-1%**
Other income (expenses)	**2.2**	**-3.4**	**-5.5**	**-**
Interest income (expenses)	-1.7	-2.4	-0.7	-42%
Interest on nuclear and other provisions	-0.8	-0.9	-0.1	-11%
Income (expenses) from investments and securities	4.8	0.0	-4.8	-
Other	-0.1	0.0	+0.1	+54%
Income taxes	**-2.8**	**-1.6**	**+1.2**	**+42%**
Net income	16.7	7.7	-8.9	-54%
Net income - adjusted	**17.0**	**7.8**	**-9.1**	**-54%**

Depreciation, Amortization, and Impairments* (CZK -0.1 billion)

- Effect of nonrecurrent income from sale of residential property in Prague in 2017 (CZK -1.1 billion)
- Lower depreciation and amortization (CZK +0.9 billion), primarily due to updated long-term estimates of service life of ČEZ power plants, which exceeded the effect of the start of depreciation of the new Ledvice facility after its completion at the end of 2017

Other Income and Expenses (CZK -5.5 billion)

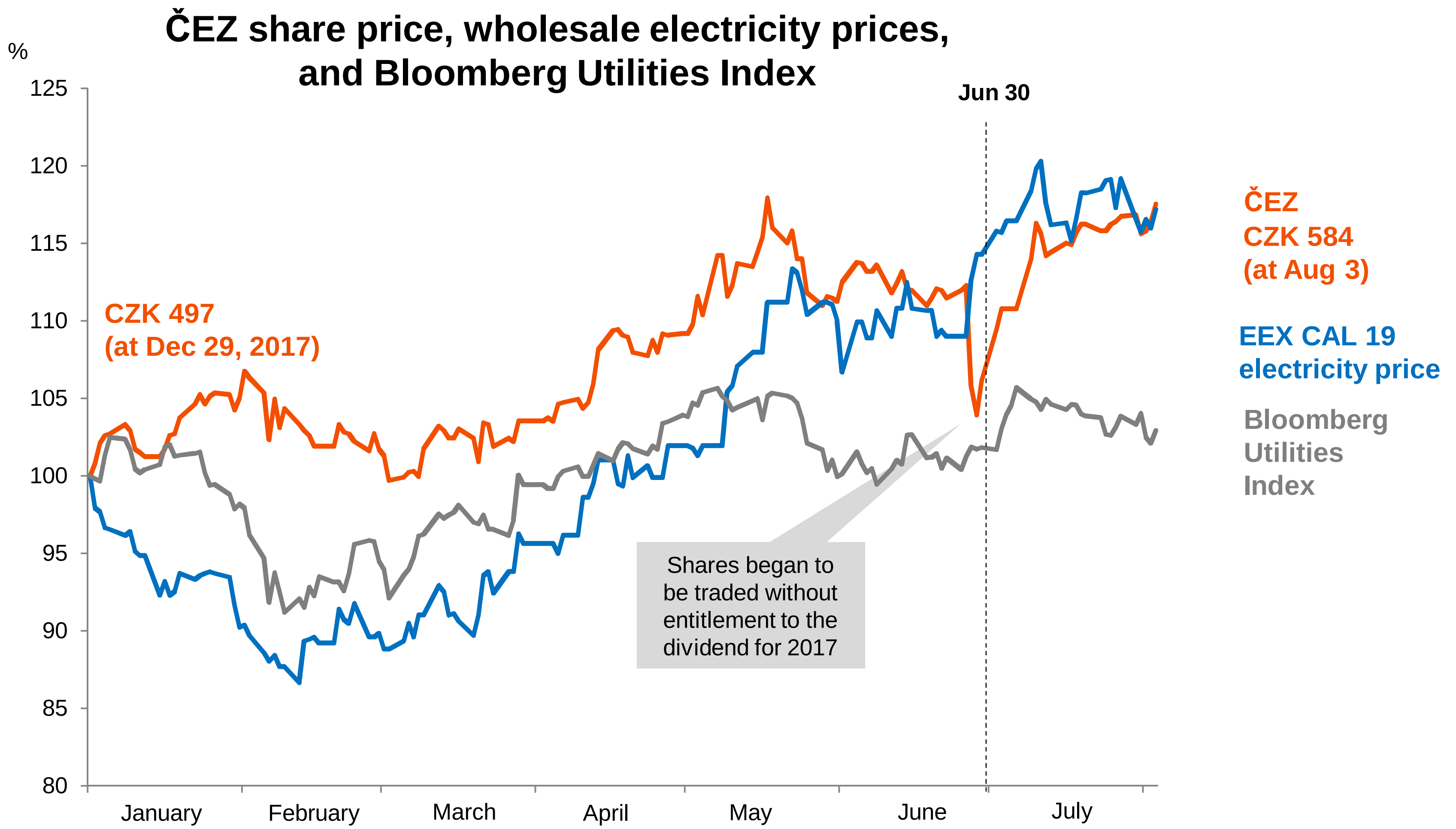
- Effect of termination of MOL stockholding in 2017, including related operations (CZK -4.5 billion)
- Higher interest expenses (CZK -0.7 billion), primarily due to lower interest capitalization after completion of the new Ledvice facility
- Other effects (CZK -0.3 billion), primarily exchange differences

Net Income Adjustments

- H1 2018 net income adjusted for the negative effect of fixed asset impairments, primarily in Czechia (CZK +0.1 billion)
- H1 2017 net income adjusted for the negative effect of fixed asset impairments, primarily in Poland (CZK +0.2 billion), and partial goodwill write-off in Turkey (CZK +0.1 billion)**

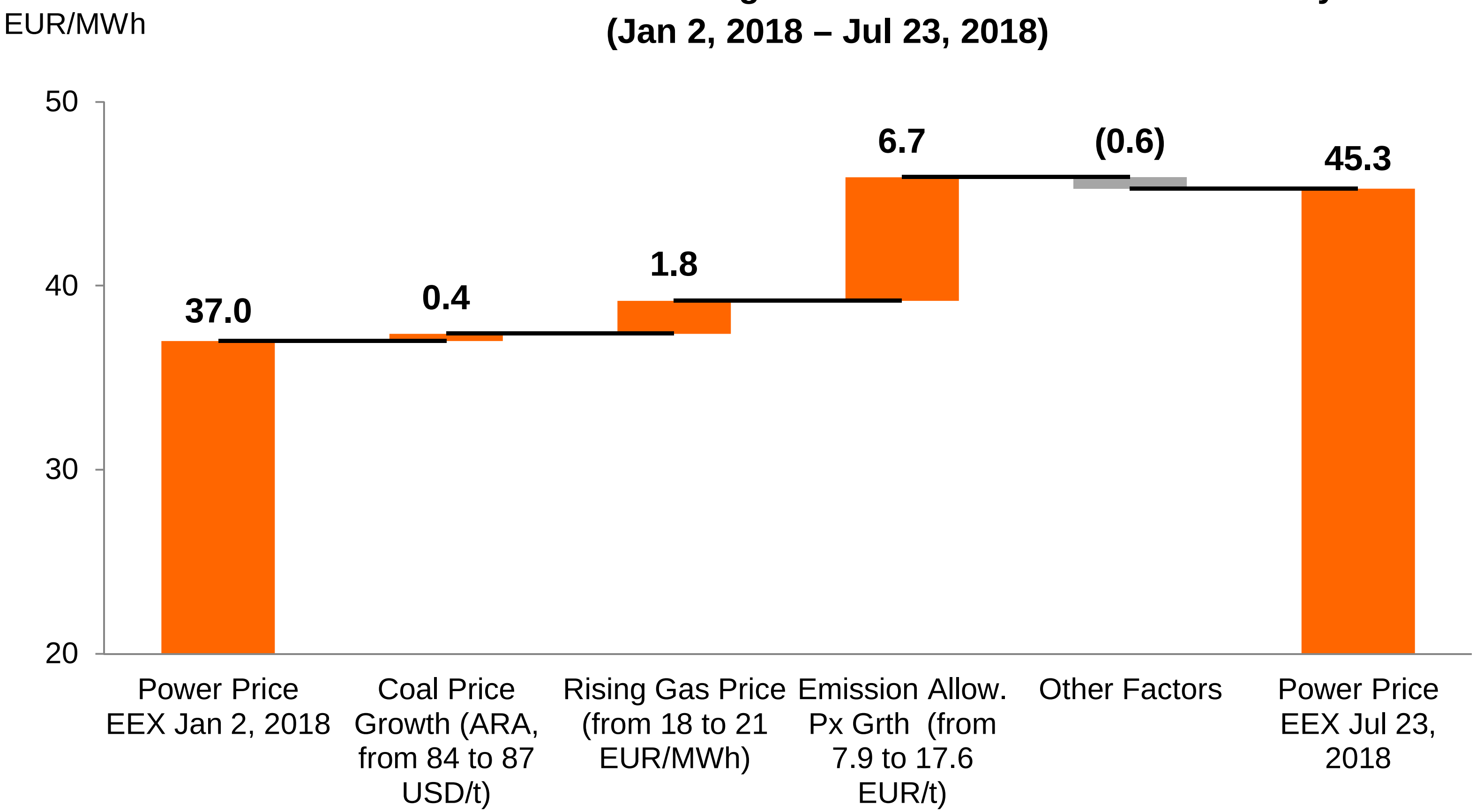
* Including profit/loss from sales of tangible and intangible fixed assets
** Reported under Income and Expenses from Investments and Securities

ČEZ SHARE PRICE IN 2018



WHOLESALE ELECTRICITY PRICES HAVE INCREASED BY MORE THAN 20% SINCE THE START OF THE YEAR, PRIMARILY DUE TO INCREASE IN CO_2 ALLOWANCE PRICES

Breakdown of Causes for Change in Cal19 BL Wholesale Electricity Price (Jan 2, 2018 – Jul 23, 2018)



EU 2030 TARGETS FOR RES AND ENERGY EFFICIENCY WERE SET

A COMPROMISE WAS REACHED IN JUNE BETWEEN THE EUROPEAN PARLIAMENT, EU COUNCIL, AND EUROPEAN COMMISSION CONCERNING AN ENERGY EFFICIENCY DIRECTIVE, RES DIRECTIVE, AND ENERGY UNION GOVERNANCE REGULATION.

Key outcomes/energy targets for 2030:

- Tentative energy efficiency target of 32.5%, annual decrease of final consumption of at least 0.8%. Originally, the EU target according to the Council was to be 30%, the European Parliament aimed for 35%.
- Binding renewables target of 32% of gross final consumption of energy; member states are to define their own contribution at national level. Annual RES increase of 1.3% in the heating sector. Originally, the EU target according to the Council was to be 27%; the European Parliament aimed for 35%.
- Draft national climate and energy plans must be submitted by the end of 2018, final versions by the end of 2019. Member states must set an almost linear trajectory for achieving the RES target in the plans.

ELECTRICITY MARKET REGULATION REMAINS A CHIEF OPEN ISSUE

- The future features of the electricity market directive and regulation are still under discussion, with chief open issues being capacity mechanisms, regulation of retail prices, and allocation of cross-border transmission capacity for trading.
- Negotiations are also held on the consumer package (class actions, among others) and the clean mobility package (emission targets for passenger and commercial vehicles, e-mobility development).

ANNUAL SHAREHOLDERS' MEETING OF ČEZ, A. S. WAS HELD ON JUNE 22, 2018

APPROVED DIVIDEND OF CZK 33 PER SHARE, OR CZK 17.8 BILLION

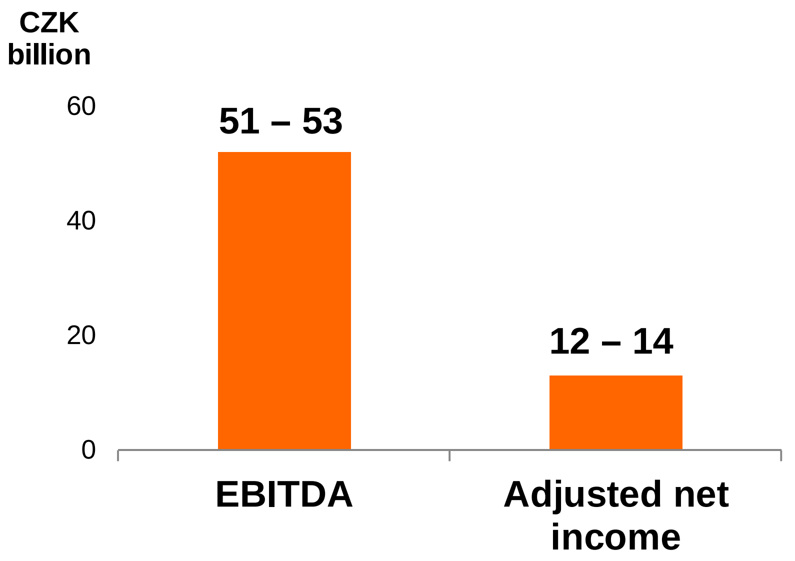
- A dividend of CZK 33 per share before tax was approved. The total amount approved as payment to shareholders is CZK 17.8 billion, which is about 86% of 2017 consolidated net income adjusted for extraordinary effects that were unrelated to ordinary financial performance. No board member bonus was approved.
- The payment of the dividend started on August 1, 2018. A dividend of CZK 12.4 billion (or, more precisely, CZK 10.5 billion after the deduction of withholding tax) was transferred to the Ministry of Finance's account on that day. The Czech state will get a total of CZK 2.6 billion in withholding tax (of which CZK 1.9 billion is the withholding tax on dividends paid to the Czech state).
- ČEZ has paid a total of almost CZK 170 billion in dividends to the Czech state since 1992. The total withholding tax that has been paid to the Czech state is additional CZK 42 billion.

OTHER DECISIONS BY THE SHAREHOLDERS' MEETING

- The Financial Statements of ČEZ, a. s., and the Consolidated Financial Statements of CEZ Group for the year 2017 were approved.
- A donations budget of CZK 110 million was approved for 2019.
- Václav Pačes, Robert Šťastný, and Petr Polák were removed from the Supervisory Board of ČEZ. Lubomír Lízal, Otakar Hora, and Karel Tyll were elected as new members of the Supervisory Board of ČEZ. Zdeněk Černý was reelected as Supervisory Board member.
- Andrea Lukasíková was reelected as member of the Audit Committee.

WE STILL ESTIMATE EBITDA AT CZK 51 TO 53 BILLION AND ADJUSTED NET INCOME AT CZK 12 TO 14 BILLION

CEZ Group Financial Outlook for 2018



Selected prediction opportunities and risks (reasons for the interval):

- Court decision on payment of SŽDC liabilities from 2011
- Possible new RES and ESCO acquisitions
- Availability of generating facilities

The values of adjusted net income exclude extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as fixed asset impairments and goodwill write-offs).

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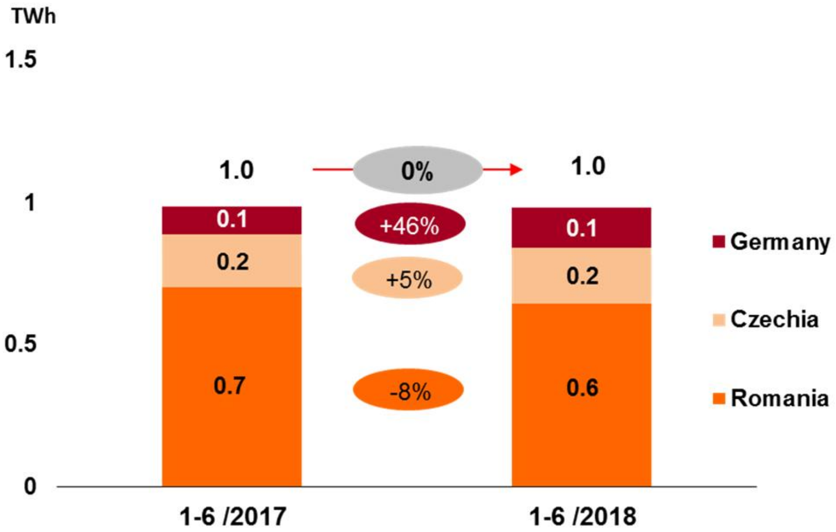
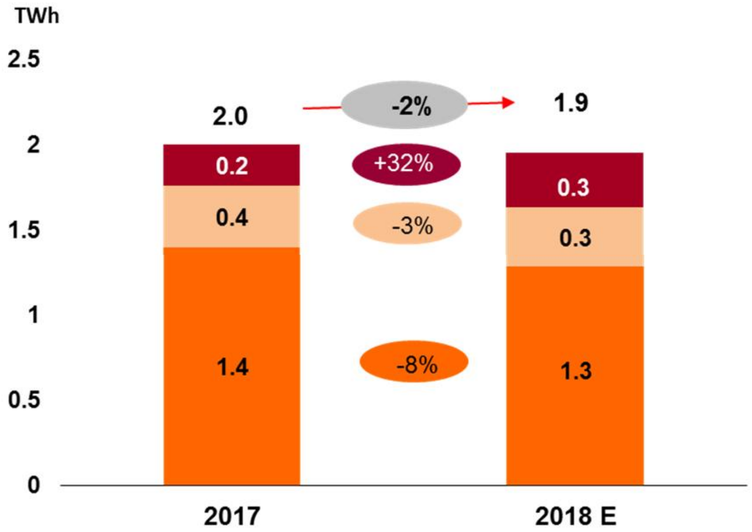
GENERATION–NEW ENERGY





Germany (+46%)
+ Effect of acquisition of wind farms in Lettweiler Höhe (belonging to the portfolio of CEZ Group since September 2017)

Czechia (+5%)
+ Higher generation by photovoltaic power plants due to good climatic conditions

Romania (-8%)
− Worse weather conditions

Germany (+32%)
+ Effect of acquisition of wind farms in Lettweiler Höhe (belonging to the portfolio of CEZ Group since September 2017)

Czechia (-3%)
− Better-than-average year 2017 in terms of weather

Romania (-8%)
− Worse weather conditions

Due to precise mathematical rounding, the sum of partial values listed can sometimes differ from the total value.

SEGMENT: GENERATION—NEW ENERGY

EBITDA (CZK bn)	Q1 - Q2 2017	Q1 - Q2 2018	Change	%
Czechia	1.0	1.1	+0.1	+8%
Romania	1.1	0.8	-0.3	-29%
Germany	0.2	0.3	+0.1	+37%
Generation - new energy	**2.3**	**2.2**	**-0.2**	**-7%**

Czechia (CZK +0.1 billion)

- Higher production and selling prices of electricity

Romania (CZK -0.3 billion)

- Lower allocation of green certificates—only one certificate per MWh generated has been allocated to Romanian wind farms since January 1, 2018; two certificates were allocated in 2017 (CZK -0.5 billion)
- Higher selling prices of electricity (CZK +0.1 billion)

Germany (CZK +0.1 billion)

- Acquisition of wind farms with the installed capacity of 35.4 MW at Lettweiler Höhe (belonging to the portfolio of the CEZ Group since September 2017)

SEGMENT: DISTRIBUTION

EBITDA (CZK bn)	Q1 - Q2 2017	Q1 - Q2 2018	Change	%
Czechia	8.5	8.6	+0.1	+2%
Romania	0.9	0.8	-0.1	-8%
Bulgaria	0.7	0.6	-0.1	-18%
Distribution	**10.0**	**10.0**	**-0.1**	**-1%**

Czechia (CZK +0.1 billion)

- Higher gross margin on electricity distribution, primarily due to a year-on-year increase in allowed revenues, partially offset by higher fixed expenses due to an increase in the number of employees related to increased investments in the distribution system and a negative effect of the application of IFRS 15 on revenues from activities to ensure power input and connection (CZK +0.3 billion)
- Higher additions to allowances on receivables (CZK -0.2 billion)

Romania (CZK -0.1 billion)

- Higher fixed operating expenses, primarily personnel expenses and facility maintenance
- Effect of the application of IFRS 15 on revenue from activities to ensure power input and connection

Bulgaria (CZK -0.1 billion)

- Higher expenses to cover grid losses (lower amount of losses but higher prices of electricity purchased to cover the losses)
- Effect of the application of IFRS 15 on revenue from activities to ensure power input and connection

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SEGMENT: SALES

EBITDA (CZK bn)	Q1 - Q2 2017	Q1 - Q2 2018	Change	%
Czechia	2.3	1.7	-0.6	-25%
Romania	0.1	0.4	+0.3	>200%
Bulgaria	0.6	0.1	-0.5	-81%
Germany	0.0	0.1	+0.1	-
Other states	-0.2	-0.2	0.0	+12%
Sales	**2.7**	**2.1**	**-0.6**	**-22%**

Czechia (CZK -0.6 billion)

- Lower gross margin of ČEZ Prodej, primarily due to higher expenses on electricity (CZK -0.5 billion) and gas (CZK -0.2 billion) purchases
- Other effects (CZK +0.1 billion), primarily higher margin on the sales of energy services

Romania (CZK +0.3 billion)

- Higher gross margin caused by delayed real costs‘ reflection on electricity purchases into regulated prices for the end customers

Bulgaria (CZK -0.5 billion)

- Positive effect of out-of-court settlement agreement made between CEZ Elektro Bulgaria and state-owned energy company NEK in 2017 (CZK -0.4 billion)

Germany (CZK +0.1 billion)

- Elevion Group has been included in the consolidated results of CEZ Group since September 2017

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SELECTED EVENTS—DEVELOPMENT TEAM

ACQUISITION-BASED AND ORGANIC GROWTH CONTINUES IN ENERGY SERVICES AND RES

The ESCO Group's non-commodity product sales in H1 amounted to CZK 7.7 billion. We expect ESCO Group's full-year sales will surpass CZK 16 bn in accordance with our ambitions.

German wind farms generated 142 GWh of electricity in H1 2018.

SELECTED REGULATORY DECISIONS ABROAD

Regulatory Environment for Renewables in Romania Affirmed by Law

- An "emergency" government ordinance, in effect from March 31, 2017, was made into law in Romania as an amendment to Act 220/2008 (act on the system of support for renewable energy generation).
  The amendment to the law was published in the Official Gazette of Romania on July 20, 2018.

Selected Decisions Relevant to CEZ Group's Distribution Assets in Bulgaria

- On July 1, 2018, the regulatory authority EWRC issued a price decision with effect from July 1, 2018 to June 30, 2019. The price decision does not have a major negative impact on performance estimates for H2. However, the regulatory authority still refuses to recognize the actual amount of technological losses in the grid, so a portion of the costs of losses is borne by distribution companies.
- An amended energy act came into effect on July 1, 2018, bringing a number of changes. These include, most importantly, mandatory purchases of electricity to cover losses directly through an exchange at market prices, increase in the mandatory security for electricity traders, and the regulatory authority's obligation to approve sales of energy assets where ownership interest is greater than 20%.
- On July 19, 2018, the Bulgarian competition authority reported on its website that it had rejected a transaction to sell ČEZ's Bulgarian assets to Inercom. An administrative action was brought against the decision on July 30, 2018 by Inercom and on August 1, 2018 by CEZ.

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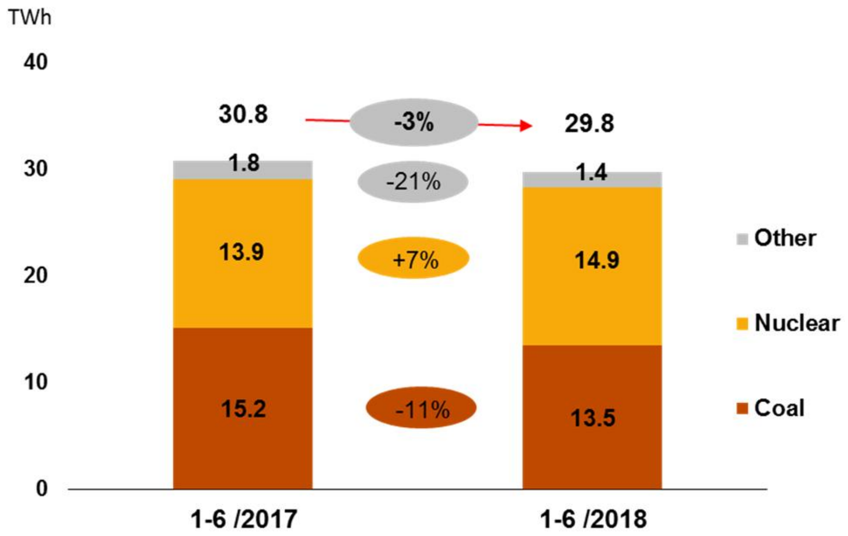
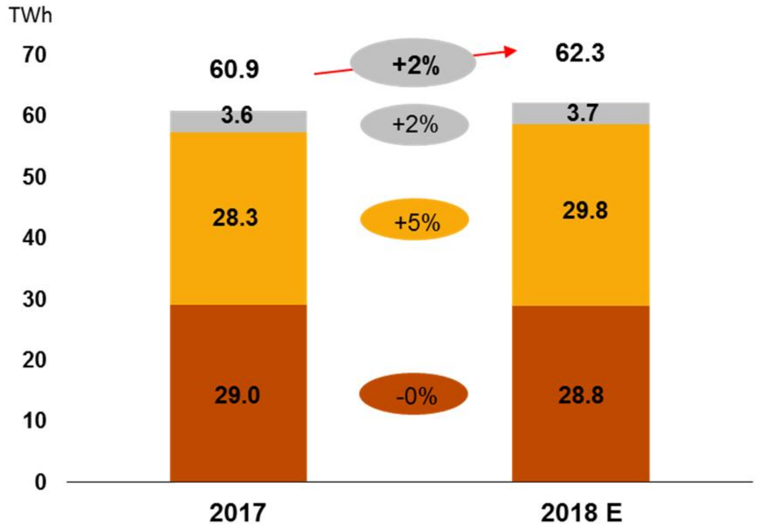
GENERATION—TRADITIONAL ENERGY





Nuclear Power Plants (+7%)
+ Optimization of outages at both power plants

Coal-Fired Power Plants (-11%)

Czechia (-12%)
− Longer outages at Mělník 3 and Prunéřov 2 power plants
− Lower generation by Dětmarovice power plant
+ Commercial operation of Ledvice 4 power plant (new facility)

Poland (+3%)
+ Shorter outages and lower heat generation enabling higher electricity production (Chorzów)
− Longer outages (Skawina)

Other (-21%)
− Primarily lower generation at Počerady CCGT plant due to less favorable market prices of electricity and gas

Nuclear Power Plants (+5%)
+ Optimization of outages at both power plants

Coal-Fired Power Plants (-0%)

Czechia (-1%)
− Lower generation by Dětmarovice and Mělník power plants
+ Commercial operation of Ledvice 4 power plant (new facility)
+ Shorter outages at Tušimice 2 power plant

Poland (+1%)
+ Shorter outages (Chorzów)
− Restrictions resulting from NO_x limits (Skawina)

Due to precise mathematical rounding, the sum of partial values listed can sometimes differ from the total value.

SEGMENT: GENERATION–TRADITIONAL ENERGY

EBITDA (CZK bn)	Q1 - Q2 2017	Q1 - Q2 2018	Change	%
Czechia	12.2	9.1	-3.1	-26%
Poland	0.6	0.5	-0.1	-17%
Generation - traditional energy	**12.7**	**9.5**	**-3.2**	**-25%**

Czechia (CZK -3.1 billion)

- Lower realization prices of generated electricity in H1, including the effects of hedges (CZK -0.2 billion)
- Impact of rising electricity prices on revaluation of contracts which hedge electricity production with deliveries in H2 2018 (CZK -1.2 billion), this temporary negative influence will be compensated in H2 because deliveries of electricity will be realised at the value CZK 1.2 billion higher than nominal value of hedging contracts.
- Higher expenses on emission allowances for generation (CZK -1.0 billion) of which CZK 0.4 billion will be compensated in H2 in connection with commercial hedge of purchase of allowances for the year 2018
- Lower generation at Počerady CCGT plant (CZK -0.3 billion) due to less favorable prices of electricity and gas
- Lower generation at coal-fired power plants (CZK -0.2 billion)
- Higher generation at nuclear power plants (CZK +0.6 billion)
- Higher generating facility maintenance costs (CZK -0.3 billion)
- Higher profit on commodity trading (CZK +0.3 billion)
- Effect of settlement agreement with Sokolovská uhelná in 2017 (CZK -0.7 billion)

Poland (CZK -0.1 billion)

- Lower amounts of heat supplied (CZK -0.1 billion), primarily due to climatic conditions at the beginning of 2018

Due to precise mathematical rounding, the sum of partial values listed can sometimes differ from the total value.

MINING SEGMENT AND OTHER SEGMENT

EBITDA (CZK bn)	Q1 - Q2 2017	Q1 - Q2 2018	Change	%
Czechia	2.1	2.0	-0.1	-3%
Mining	**2.1**	**2.0**	**-0.1**	**-3%**

Mining Segment (CZK -0.1 billion)

- Lower coal consumption by CEZ Group partially offset by higher external sales
- Higher fixed expenses and changed frequency of payments for mined minerals

EBITDA (CZK bn)	Q1 - Q2 2017	Q1 - Q2 2018	Change	%
Czechia	1.3	1.1	-0.2	-13%
Romania	0.1	0.0	0.0	-36%
Other states	0.0	-0.1	-0.1	-
Other	**1.4**	**1.1**	**-0.3**	**-23%**

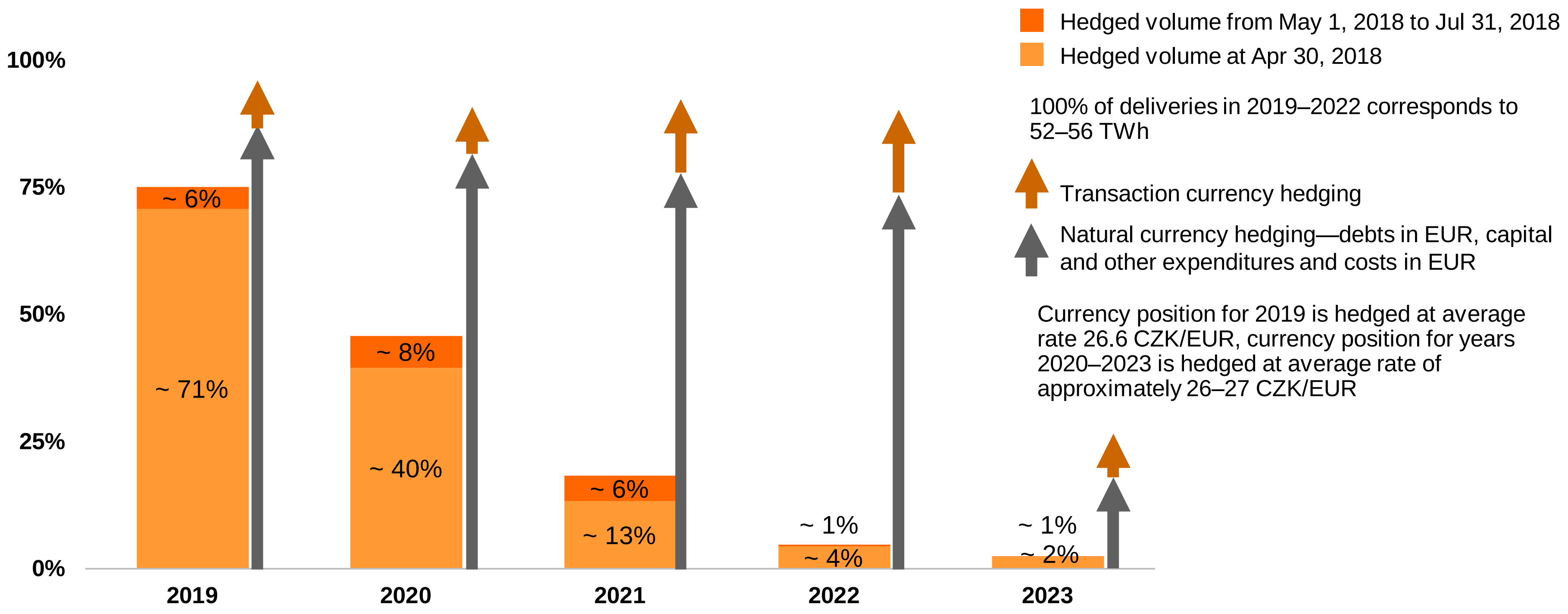
Other Segment (CZK -0.3 billion)

- Primarily decrease in intragroup deliveries and margins in Czechia

Due to precise mathematical rounding, the sum of partial values listed can sometimes differ from the total value.

ČEZ CONTINUES HEDGING ITS GENERATION REVENUES IN THE MEDIUM TERM IN LINE WITH STANDARD POLICY

Share of Hedged Production of ČEZ* Facilities as at July 31, 2018

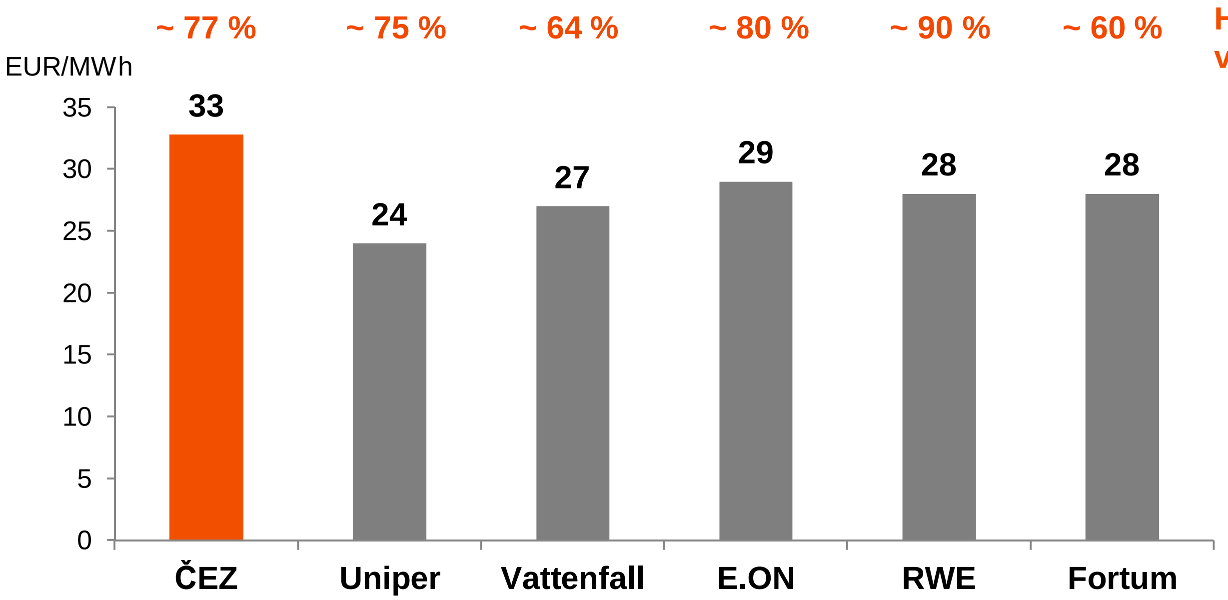


2019	2020	2021	2022	2023	
~ 77%	~ 48%	~ 19%	~ 5%	~ 3%	**Hedged of production**
32.8	36.1	35.6	34.8	36.4	**At price, EUR/MWh**

* ČEZ, a. s. including Energotrans, Počerady, Dětmarovice, and Vítkovice power plants

OVERVIEW OF 2019 HEDGING OF ELECTRICITY GENERATION FOR SELECTED UTILITIES

Average hedge price (EUR/MWh) **and hedging ratio of electricity generation of 2019** (%)



- Gradual hedging of future revenues from production is ČEZ‘s basic tool for reasonable stability of earnings in time.

Source: companies‘ websites

Uniper, E.ON and RWE – hedge as at end of Q1 2018;

Vattenfall and Fortum – hedge as at end of Q2 2018;

ČEZ – as of Jul 31, 2018 (ČEZ‘s hedge as of April 30, 2018 was 71% at price 31.5 EUR/MWh)

SELECTED EVENTS—OPERATIONS TEAM

GENERATION—NUCLEAR ENERGY

Electricity generation at nuclear power plants was 14.9 TWh in H1 2018, i.e., 1.0 TWh more than in H1 2017

- Nuclear power plants generated 14.9 TWh, i.e. 7% more than in H1 2017, primarily due to successful execution of scheduled outages and less unplanned outages.

Temelín NPP increases capacity by 2 MW_e per generating unit

- More efficient utilization of the energy potential of the drain of the high-pressure flow part of the turbine generator increased the achievable capacity of Unit 1 from 1,080 MW_e to 1,082 MW_e starting from April 1, 2018.
- A 2MW_e increase in the efficiency and achievable capacity of Unit 2 is being implemented during the current outage.

International public hearings concerning the construction of a new nuclear power plant at Dukovany took place

- A series of public hearings concerning the EIA report took place in Austria, Germany, Hungary, and Czechia in June. Results from the EIA assessment are expected in H1 2019.

GENERATION—CONVENTIONAL ENERGY

Electricity generation at coal-fired, gas-fired, and hydroelectric power plants amounted to 15.3 TWh in H1 2018

- Coal-fired power plants in Czechia generated 12.2 TWh, i.e., 12 % less compared to H1 2017, primarily due to lower generation at the Dětmarovice, Prunéřov, and Mělník 3 power plants.
- Large hydroelectric power plants generated 1 TWh, i.e., just 1% less compared to H1 2017, in spite of decreased flow rates at the Vltava River Cascade.
- Generation at the Počerady CCGT plant was 358 GWh, decreasing by 369 GWh compared to H1 2017 due to less favorable market prices of electricity and gas.
- Polish generating coal facilities generated 1.3 TWh, i.e., 3% more than in H1 2017, primarily due to higher availability of the ELCHO plant.

ANNEXES

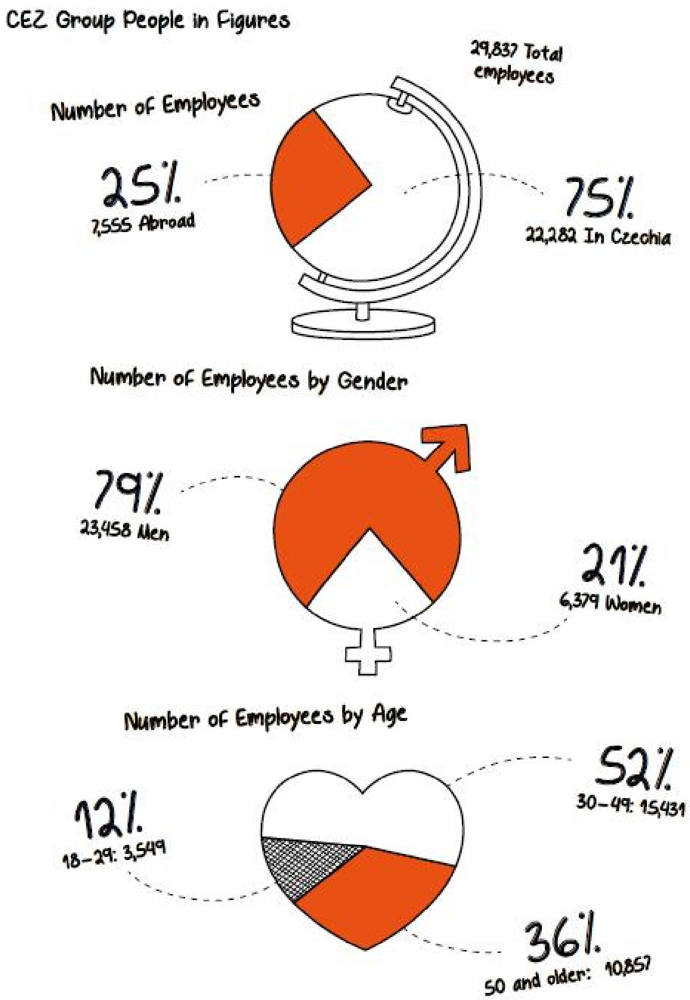
- Information About Publication of Sustainability Report
- Cash Flows
- EBITDA—Q2 Year-on-Year Comparison
- Net Income—Q2 Year-on-Year Comparison
- Credit Facilities and Bonds
- Investments in Fixed Assets
- Balance Sheet Overview
- Mining
- Electricity Consumption
- Market Developments
- Electricity Procured and Sold
- Definitions of Alternative Indicators According to ESMA

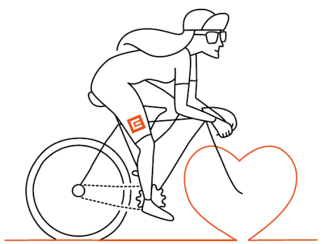
ČEZ PUBLISHED ITS
SUSTAINABILITY REPORT FOR 2017

- ČEZ published its Sustainability Report for 2017 in June, in compliance with statutory requirements and dates. Beyond the scope of statutory requirements for nonfinancial information, the report was prepared in accordance with international guidelines for nonfinancial reporting published by the Global Reporting Initiative.

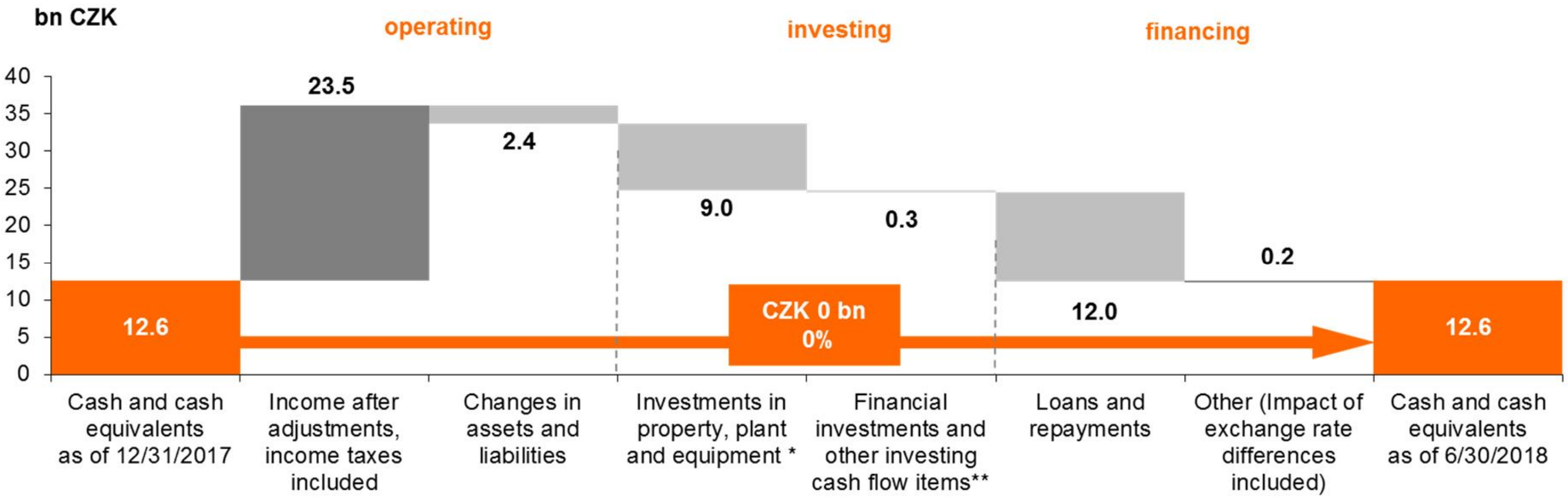
- https://www.cez.cz/en/investors/corporate-governance/corporate-social-responsibility-reports.html

- Five strategic priorities are formulated in our sustainable development strategy entitled “Energy for the Future”:
  - Ensure sustainable development
  - Be a good partner
  - Bring useful solutions to customers
  - Enable energy sector transformation
  - Start the engine of innovation





CASH FLOWS



Cash Flows from Operating Activities (CZK +21.1 billion)

- Income after adjustments, incl. income tax (CZK +23.5 billion): income before taxes (CZK +9.3 billion), depreciation and amortization of nuclear fuel (CZK +16.0 billion), valuation allowances and other adjustments (CZK +1.7 billion), income tax paid (CZK -2.1 billion), change in provisions (CZK -1.6 billion)
- Changes in assets and liabilities (CZK -2.4 billion): change in net trade receivables and payables (CZK -6.8 billion), change in short-term liquid securities and term deposits (CZK +1.9 billion), change in inventory of emission allowances and color certificates (CZK +0.9 billion), change in taxes and fees other than income tax (CZK +0.9 billion), change in other receivables and payables, especially from derivatives (CZK +0.7 billion)

Cash Flows Used in Investing Activities (CZK -9.3 billion)

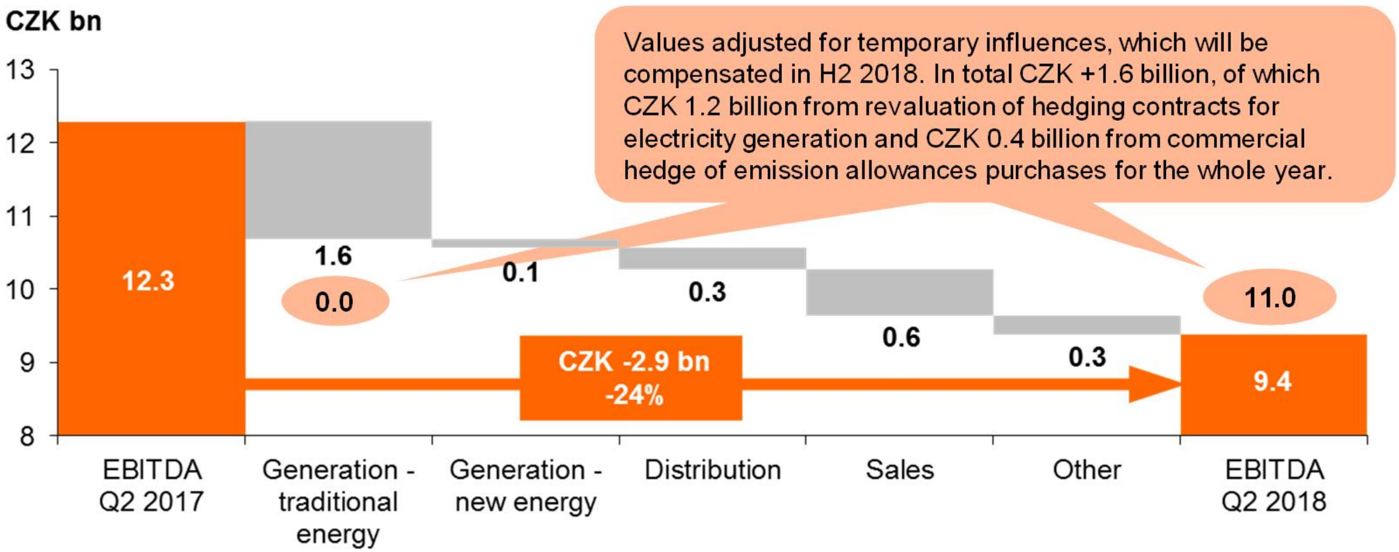
- Investments in fixed assets* (CZK -9.0 billion)
- Payables from acquisition of fixed assets (CZK -1.1 billion)
- Change in securities and restricted funds (CZK -0.8 billion)
- Acquisition of Metrolog (CZK -0.3 billion)
- Proceeds from sale of noncurrent assets — purchased bonds (CZK +1.7 billion)

Cash Flows Provided by Financing Activities (CZK -11.8 billion)***

- Balance of loans and repayments (CZK -12.0 billion)
- Sale of treasury stock (CZK +0.2 billion)

*CAPEX; **Including changes in payables from the acquisition of fixed assets, balance of loans granted, divestments, and changes of restricted funds;
***Including net effect of currency translation in cash

EBITDA—Q2 YEAR-ON-YEAR COMPARISON



CEZ Group EBITDA (CZK -2.9 billion):

- **Generation—Traditional Energy (CZK -1.6 billion):** effect of the increase in market electricity prices on the revaluation of electricity generation's hedges for H2s (CZK -0.9 billion); higher expenses on emission allowances for generation (CZK -0.9 billion); higher generation by nuclear power plants (CZK +0.7 billion); lower generation at Počerady CCGT plant (CZK -0.1 billion); lower generation by hydro power plants (CZK -0.1 billion); higher expenses on generating facility maintenance (CZK -0.3 billion); higher profit on commodity trading (CZK +0.2 billion)
- **Generation—New Energy (CZK -0.1 billion):** lower allocation of green certificates to Romanian wind farms (only one certificate per MWh generated has been allocated since January 1, 2018; two certificates were allocated in 2017)
- **Distribution (CZK -0.3 billion):** Czechia (CZK -0.3 billion): effect of the application of IFRS 15 on revenues from activities to ensure power input and connection (CZK -0.1 billion), higher fixed expenses in relation to higher investments in the grid (CZK -0.1 billion), higher additions to impairments (CZK -0.1 billion)
- **Sales (CZK -0.6 billion):** positive effect of out-of-court settlement agreement made between CEZ Elektro Bulgaria and state-owned energy company NEK in 2017 (CZK -0.4 billion); ČEZ Prodej (CZK -0.2 billion) primarily due to higher expenses on electricity purchases
- **Other (CZK -0.3 billion):** primarily decrease in intragroup deliveries and margins of companies in Czechia

 Due to precise mathematical rounding, the sum of partial values can sometimes differ from the total value.

NET INCOME–Q2 YEAR-ON-YEAR COMPARISON

(CZK bn)	Q2 2017	Q2 2018	Change	%
EBITDA	12.3	9.4	-2.9	-24%
Depreciation, amortization and impairments*	-6.7	-7.1	-0.4	-6%
Other income (expenses)	3.2	-1.9	-5.0	-
Income taxes	-0.8	0.0	+0.8	-
Net income	8.0	0.5	-7.5	-94%
Net income - adjusted	**8.2**	**0.6**	**-7.6**	**-93%**

Depreciation, Amortization, and Impairments* (CZK -0.4 billion)

- Effect of nonrecurrent income from sale of residential property in Prague in 2017 (CZK -1.0 billion)
- Lower depreciation and amortization (CZK +0.5 billion), primarily due to updated long-term estimates of service life of ČEZ power plants, which exceeded the effect of the start of depreciation of the new Ledvice facility after its completion at the end of 2017

Other Income and Expenses (CZK -5.0 billion)

- Effect of termination of MOL stockholding in 2017, incl. related operations (CZK -4.0 billion)
- Higher interest expenses (CZK -0.4 billion), primarily due to lower interest capitalization after completion of the new Ledvice facility
- Share of profit or loss of Turkish companies (CZK -0.4 billion)
- Other effects (CZK -0.2 billion), primarily exchange differences

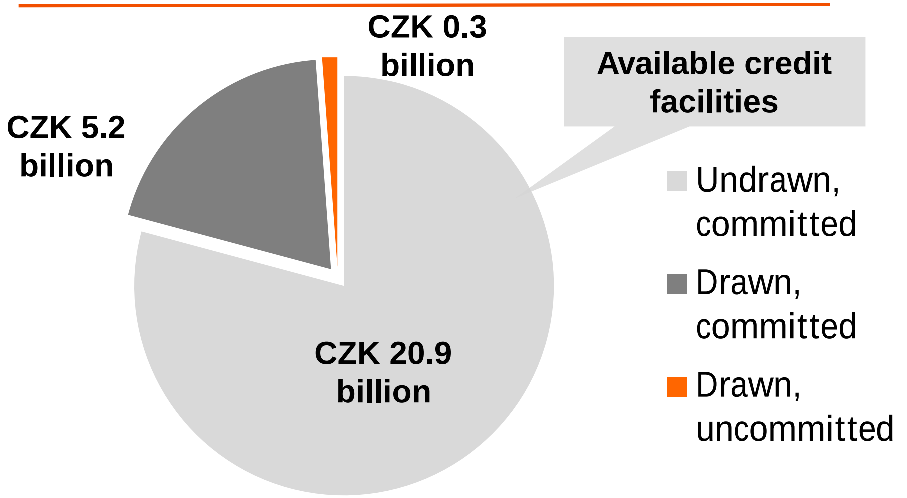
Net Income Adjustments

- Q2 2018 net income adjusted for the negative effect of fixed asset impairments, primarily in Czechia (CZK +0.1 billion)
- Q2 2017 net income adjusted for the negative effect of fixed asset impairments, primarily in Poland (CZK +0.2 billion)

* Including profit/loss from sales of tangible and intangible fixed assets

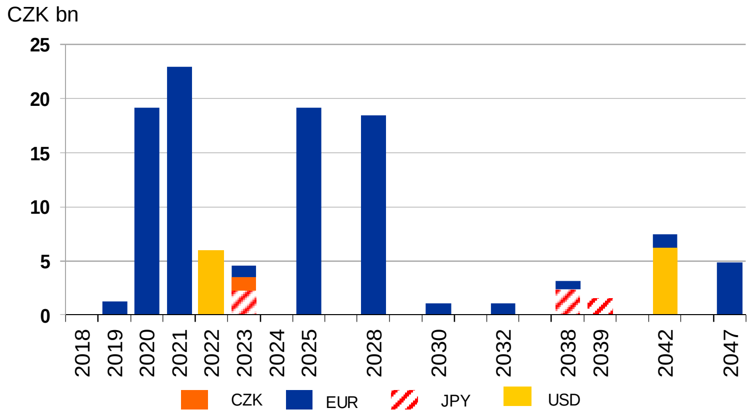
CEZ GROUP MAINTAINS A STRONG LIQUIDITY POSITION

Utilization of Short-Term Lines (as at June 30, 2018)



- CEZ Group has access to CZK 26.1 billion in committed credit facilities, using CZK 5.2 billion as at June 30, 2018.
- Committed facilities are kept as a reserve for covering unexpected expenses and to fund short-term financial needs.

Bond Maturity Profile (as at June 30, 2018)



- The payment of dividends for 2017 started on August 1, 2018 (total liability to shareholders of CZK 17.6 billion corresponding to the awarded dividend of CZK 17.8 billion less the amount corresponding to the number of treasury shares at the record date).

CAPITAL EXPENDITURE

BROKEN DOWN BY SEGMENT

CZK billion	H1 2017	H1 2018
Generation—Traditional Energy	**5.1**	**2.4**
Of which: Nuclear fuel acquisition	1.7	1.1
Generation—New Energy	**0.2**	**0.1**
Mining	**0.3**	**0.3**
Distribution	**5.3**	**5.3**
Czechia	3.9	4.3
Romania	0.7	0.6
Bulgaria	0.7	0.4
Sales	**0.0**	**0.1**
Other *	**1.0**	**0.7**
Total	**11.9**	**9.0**

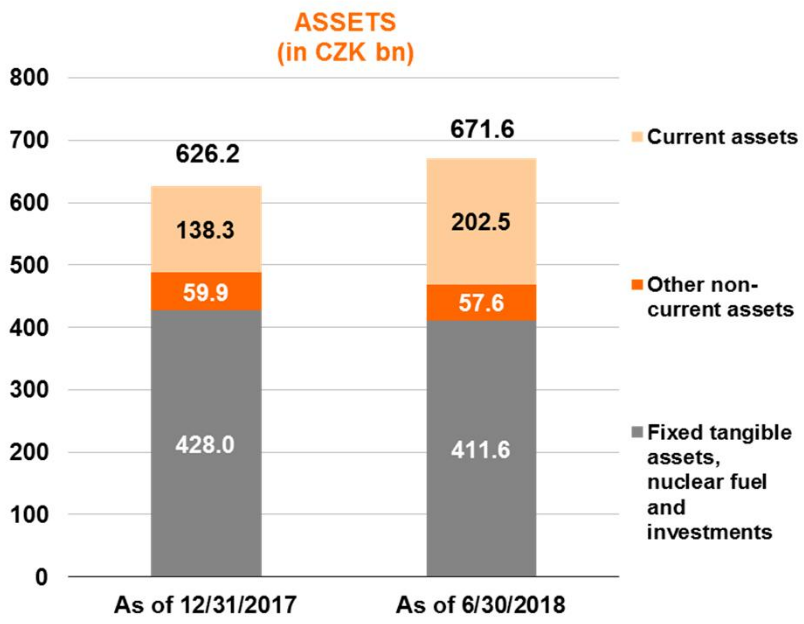
- A year-on-year decrease in capital expenditure in the Generation—Traditional Energy segment reflects lower procurement of nuclear fuel and, furthermore, primarily higher investments in the comprehensive renovation of the Prunéřov coal-fired power plant and the new unit at the Ledvice power plant in 2017.

* incl. inter-segment eliminations.

BALANCE SHEET OVERVIEW

Property, plant and equipment, nuclear fuel, and investments decreased by CZK 16.4 billion
- Reclassification of Bulgarian companies as assets held for sale CZK -10.1 billion
- Depreciation, amortization and fixed asset impairments exceed investments CZK -6.3 billion

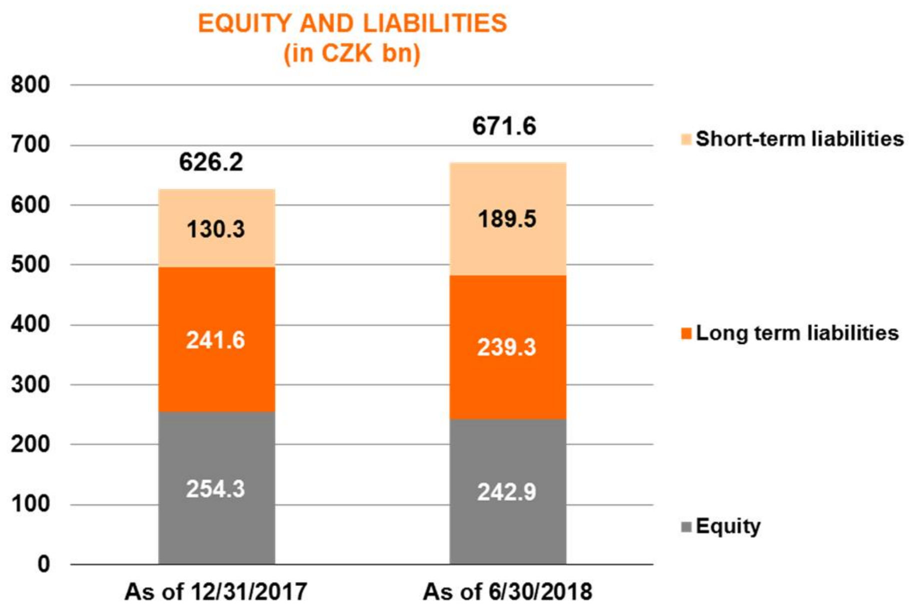
Other noncurrent assets decreased by CZK 2.3 billion
- Long-term financial assets CZK -1.3 billion sale of liquid bonds
- Reclassification of Bulgarian companies as assets held for sale CZK -0.6 billion
- Noncurrent intangible assets CZK -0.4 billion



Current assets increase by CZK 64.2 billion
- Receivables from derivatives including options CZK +45.9 billion
- Reclassification of Bulgarian companies as assets held for sale CZK +10.5 billion
- Trade receivables CZK +5.1 billion
- Income tax assets CZK +1.9 billion
- Inventories CZK +0.6 billion

Equity decreased by CZK 11.5 billion
- Dividends declared CZK -17.7 billion
- Other comprehensive income CZK -4.2 billion
- Net income CZK +7.7 billion
- Effect of the application of new IFRS standards CZK +2.4 billion

Noncurrent liabilities decreased by CZK 2.3 billion
- Noncurrent liabilities resulting from connection fees (due to the changed IFRS) CZK -3.2 billion
- Reclassification of Bulgarian companies as liabilities associated with assets held for sale CZK -2.2 billion
- Long-term bank loans and bonds issued CZK +1.4 billion
- Long-term derivatives CZK +0.8 billion
- Deferred tax liability CZK +0.5 billion

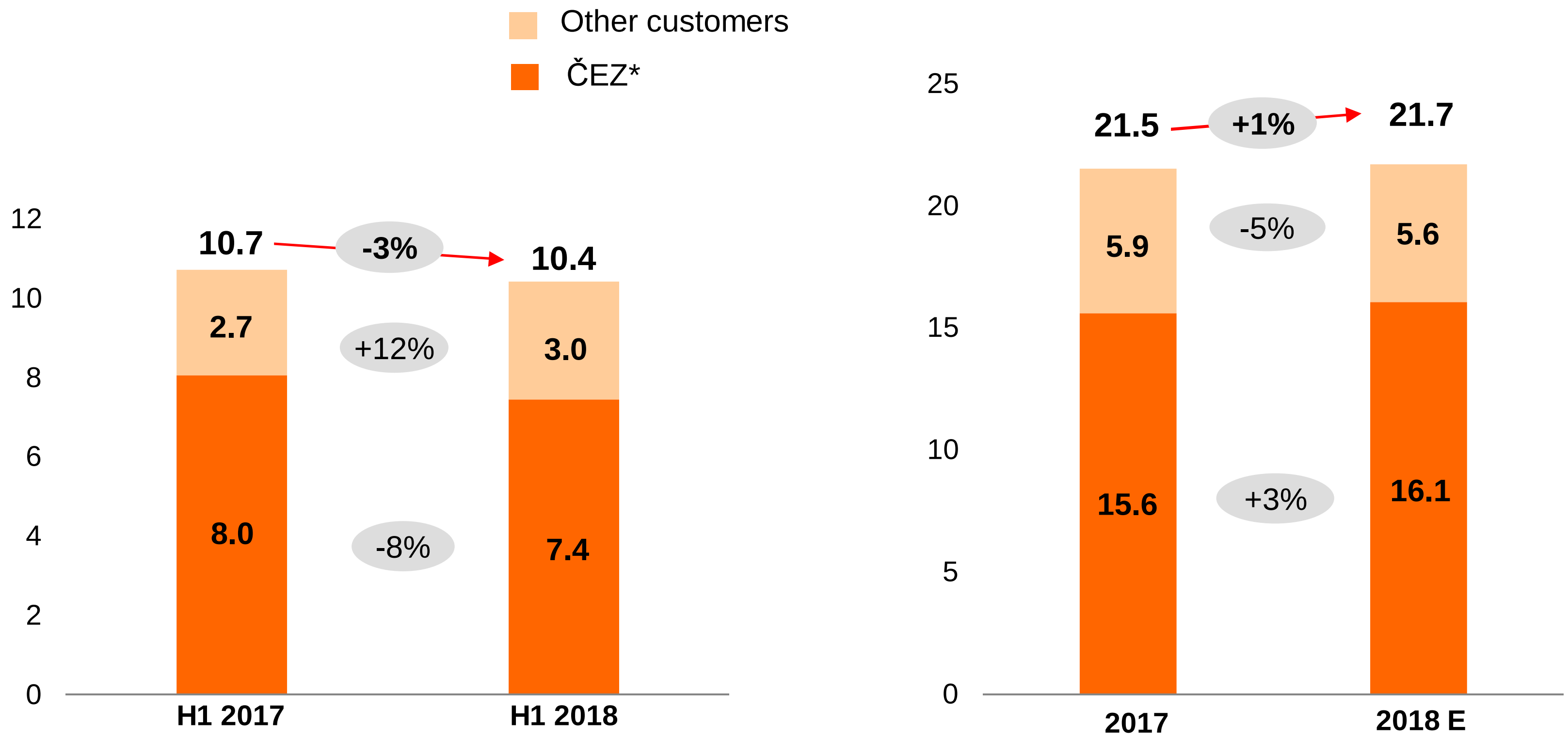


Current liabilities increased by CZK 59.2 billion
- Derivative liabilities CZK +51.7 billion
- Liabilities to shareholders in profit distribution CZK +17.6 billion
- Liabilities associated with assets held for sale CZK +1.3 billion
- Short-term loans CZK -5.3 billion and current portion of long-term debt CZK -5.1 billion
- Provision for emission allowances CZK -1.6 billion

 Due to precise mathematical rounding, the sum of partial values can sometimes differ from the total value.

MINING

Severočeské doly—Coal Extraction (Millions of Tons)

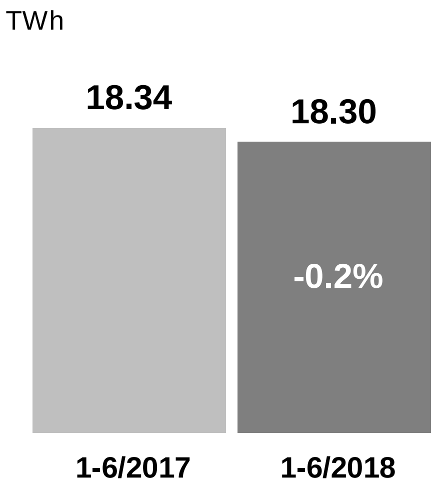


- Total decrease in extraction by 0.3 million tons of coal due to decreased consumption by CEZ Group companies (by 0.6 million tons) partially offset by higher demand from external customers.
- Coal production estimated to increase by a total of 0.2 million tons year-on-year due to estimated increased consumption of thermal coal by CEZ Group (by 0.5 million tons) and decreased deliveries to external customers (by 0.3 million tons).

ČEZ* = ČEZ, a. s. including Počerady power plant and Energotrans

ELECTRICITY CONSUMPTION IN THE DISTRIBUTION AREA OF ČEZ DISTRIBUCE

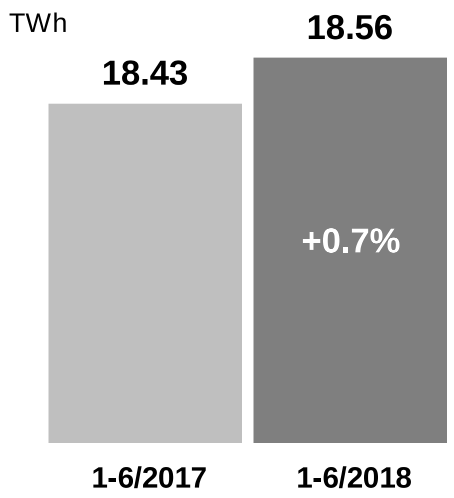
Consumption in the Distribution Area of ČEZ Distribuce



Changes in consumption (-0.2%) by segment:

- +0.3% large end-use customers
- -0.5% residential customers
- -1.8% commercial retail

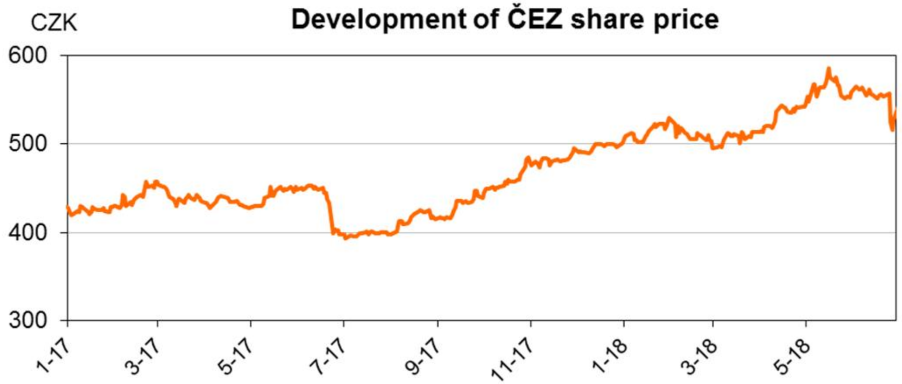
Temperature- and Calendar-Adjusted* Consumption
(in the distribution area of ČEZ Distribuce)

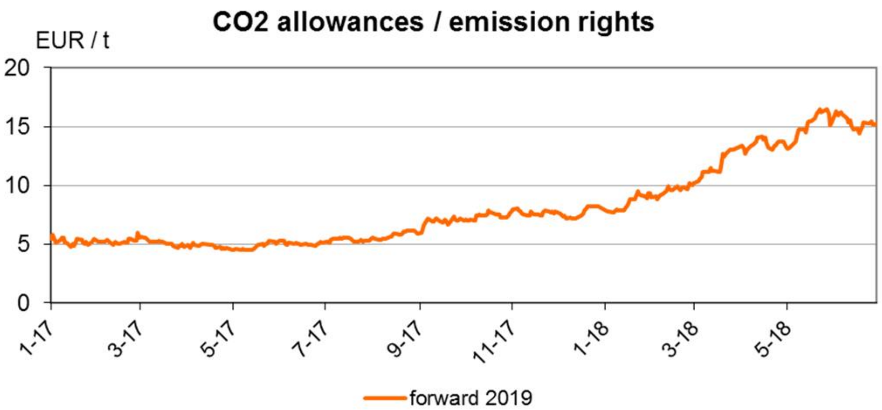


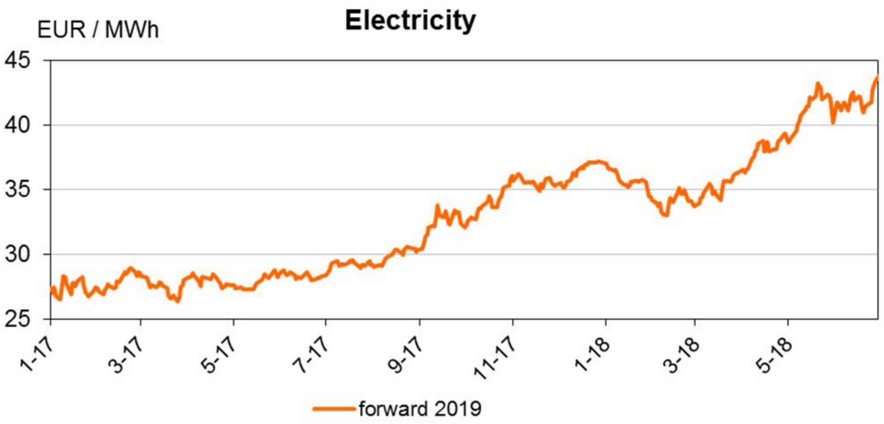
- Analysis based on CEZ Group’s internal data.
- CEZ Group’s distribution area covers around 5/8 of Czechia’s territory, so the data are a good indicator of nationwide consumption trends.

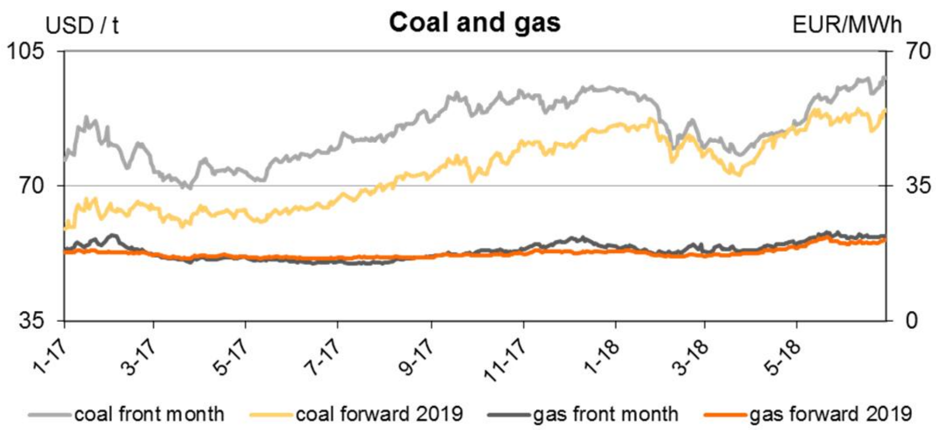
 According to the data of ČEZ Distribuce, a. s.; * Conversion according to the model of ČEZ Distribuce, a. s.

MARKET DEVELOPMENTS









Electricity balance (GWh)

	Q1 - Q2 2017	Q1 - Q2 2018	Index 2018/2017
Electricity procured	**28,640**	**27,584**	**-4%**
Generated in-house (gross)	31,816	30,743	-3%
In-house and other consumption, including pumping in pumped-storage plants	-3,176	-3,159	-1%
Sold to end customers	**-18,897**	**-19,043**	**+1%**
Sold in the wholesale market (net)	**-7,440**	**-6,467**	**-13%**
Sold in the wholesale market	-126,442	-157,386	+24%
Purchased in the wholesale market	119,003	150,919	+27%
Grid losses	**-2,304**	**-2,074**	**-10%**

Electricity generation by source (GWh)

Nuclear	13,876	14,851	+7%
Coal and lignite	14,816	13,170	-11%
Water	1,180	1,181	+0%
Biomass	385	366	-5%
Photovoltaic	76	75	-1%
Wind	754	740	-2%
Natural gas	727	358	-51%
Bio gas	2	2	+9%
Total	**31,816**	**30,743**	**-3%**

Sales of electricity to end customers (GWh)

Households	-7,040	-6,821	-3%
Commercial (low voltage)	-2,506	-2,475	-1%
Commercial and industrial (medium and high voltage)	-9,350	-9,747	+4%
Sold to end customers	**-18,897**	**-19,043**	**+1%**

Distribution of electricity (GWh)

	Q1 - Q2 2017	Q1 - Q2 2018	Index 2018/2017
Distribution of electricity to end customers	26,611	26,598	-0%

Electricity balance (GWh) by segment

Q1 - Q2 2018	Generation - traditional energy		Generation - new energy		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Electricity procured	**26,611**	**-4%**	**973**	**-0%**	**0**	**-**	**0**	**-**	**0**	**-**	**27,584**	**-4%**
Generated in-house (gross)	29,759	-3%	984	-0%	0	-	0	-	0	-	30,743	-3%
In-house and other consumption, including pumping in pumped-storage plants	-3,149	-0%	-10	-25%	0	-	0	-	0	-	-3,159	-1%
Sold to end customers	**-114**	**+55%**	**0**	**-**	**0**	**-**	**-19,933**	**+0%**	**1,004**	**-7%**	**-19,043**	**+1%**
Sold in the wholesale market (net)	**-26,497**	**-4%**	**-973**	**-0%**	**2,074**	**-10%**	**19,933**	**+0%**	**-1,004**	**-7%**	**-6,467**	**-13%**
Sold in the wholesale market	-170,010	+22%	-1,390	-1%	0	-	-1,348	+16%	15,361	+3%	-157,386	+24%
Purchased in the wholesale market	143,513	+29%	416	-3%	2,074	-10%	21,281	+1%	-16,365	+2%	150,919	+27%
Grid losses	**0**	**-**	**0**	**-**	**-2,074**	**-10%**	**0**	**-**	**0**	**-**	**-2,074**	**-10%**

Electricity generation by source (GWh) by segment

	Generation - traditional energy		Generation - new energy		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	14,851	+7%	0	-	0	-	0	-	0	-	14,851	+7%
Coal and lignite	13,170	-11%	0	-	0	-	0	-	0	-	13,170	-11%
Water	1,015	-1%	166	+7%	0	-	0	-	0	-	1,181	+0%
Biomass	366	-5%	0	-	0	-	0	-	0	-	366	-5%
Photovoltaic	0	-	75	-1%	0	-	0	-	0	-	75	-1%
Wind	0	-	740	-2%	0	-	0	-	0	-	740	-2%
Natural gas	358	-51%	0	-	0	-	0	-	0	-	358	-51%
Bio gas	0	-	2	+9%	0	-	0	-	0	-	2	+9%
Total	**29,759**	**-3%**	**984**	**-0%**	**0**	**-**	**0**	**-**	**0**	**-**	**30,743**	**-3%**

Sales of electricity to end customers (GWh) by segment

	Generation - traditional energy		Generation - new energy		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	0	-	0	-	0	-	-6,821	-3%	0	-	-6,821	-3%
Commercial (low voltage)	-1	+12%	0	-	0	-	-2,474	-1%	0	-	-2,475	-1%
Commercial and industrial (medium and high voltage)	-114	+55%	0	-	0	-	-10,637	+3%	1,004	-7%	-9,747	+4%
Sold to end customers	**-114**	**+55%**	**0**	**-**	**0**	**-**	**-19,933**	**+0%**	**1,004**	**-7%**	**-19,043**	**+1%**

Electricity balance (GWh) by country

Q1 - Q2 2018	Czechia		Poland		Romania		Bulgaria		Germany		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Electricity procured	**25,681**	**-4%**	**1,129**	**+2%**	**629**	**-8%**	**3**	**-**	**142**	**+46%**	**0**	**-**	**0**	**-**	**27,584**	**-4%**
Generated in-house (gross)	28,673	-4%	1,286	+2%	639	-8%	3	-	142	+46%	0	-	0	-	30,743	-3%
In-house and other consumption, including pumping in pumped-storage plants	-2,992	-1%	-158	+4%	-10	-1%	0	-	0	-	0	-	0	-	-3,159	-1%
Sold to end customers	**-8,919**	**-2%**	**-1,394**	**-4%**	**-1,642**	**-4%**	**-5,353**	**-**	**0**	**-**	**-1,735**	**+16%**	**0**	**-**	**-19,043**	**+1%**
Sold in the wholesale market (net)	**-15,664**	**-5%**	**266**	**-25%**	**1,480**	**-4%**	**5,858**	**-**	**-142**	**+46%**	**1,735**	**+16%**	**0**	**-**	**-6,467**	**-13%**
Sold in the wholesale market	-159,561	+24%	-1,212	-1%	-969	+13%	-220	-	-142	+46%	-39	-79%	4,757	+13%	-157,386	+24%
Purchased in the wholesale market	143,897	+29%	1,478	-6%	2,449	+2%	6,078	-	0	-	1,774	+5%	-4,757	+13%	150,919	+27%
Grid losses	**-1,098**	**-5%**	**0**	**-**	**-468**	**-10%**	**-509**	**-**	**0**	**-**	**0**	**-**	**0**	**-**	**-2,074**	**-10%**

Electricity generation by source (GWh) by country

	Czechia		Poland		Romania		Bulgaria		Germany		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	14,851	+7%	0	-	0	-	0	-	0	-	0	-	0	-	14,851	+7%
Coal and lignite	12,006	-12%	1,164	-0%	0	-	0	-	0	-	0	-	0	-	13,170	-11%
Water	1,133	+0%	3	-45%	46	+6%	0	-	0	-	0	-	0	-	1,181	+0%
Biomass	246	-18%	120	+37%	0	-	0	-	0	-	0	-	0	-	366	-5%
Photovoltaic	72	-1%	0	-	0	-	3	-	0	-	0	-	0	-	75	-1%
Wind	5	+52%	0	-	593	-9%	0	-	142	+46%	0	-	0	-	740	-2%
Natural gas	358	-51%	0	-	0	-	0	-	0	-	0	-	0	-	358	-51%
Bio gas	2	+9%	0	-	0	-	0	-	0	-	0	-	0	-	2	+9%
Total	**28,673**	**-4%**	**1,286**	**+2%**	**639**	**-8%**	**3**	**-**	**142**	**+46%**	**0**	**-**	**0**	**-**	**30,743**	**-3%**

Sales of electricity to end customers (GWh) by country

	Czechia		Poland		Romania		Bulgaria		Germany		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	-3,719	-2%	0	-	-868	+0%	-2,235	-	0	-	0	-	0	-	-6,821	-3%
Commercial (low voltage)	-1,042	-4%	-135	-4%	-444	+7%	-775	-	0	-	-78	+32%	0	-	-2,475	-1%
Commercial and industrial (medium and high	-4,158	-3%	-1,259	-4%	-330	-24%	-2,342	-	0	-	-1,657	+21%	0	-	-9,747	+4%
Sold to end customers	**-8,919**	**-2%**	**-1,394**	**-4%**	**-1,642**	**-4%**	**-5,353**	**-**	**0**	**-**	**-1,735**	**+16%**	**0**	**-**	**-19,043**	**+1%**

Distribution of electricity (GWh) by country

Q1 - Q2 2018	Czechia		Poland		Romania		Bulgaria		Germany		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Distribution of electricity to end customers	18,299	-0%	0	-	3,407	+3%	4,891	-	0	-	0	-	0	-	26,598	-0%

Methods Used to Calculate Indicators Unspecified in IFRS

In accordance with ESMA guidelines, ČEZ provides detailed information on indicators that are not reported as standard in IFRS statements or the components of which are not directly available from standardized statements (financial statements). Such indicators represent supplementary information in respect of financial data, providing reports' users with additional information for their assessment of the financial position and performance of CEZ Group or ČEZ. In general, these indicators are also commonly used in other commercial companies, not only in the energy sector.

Indicator	
Net Debt	Purpose: The indicator shows the real level of a company's financial debt, i.e., the nominal amount of debt net of cash, cash equivalents, and highly liquid financial assets held by the company. The indicator is primarily used to assess the overall appropriateness of the company's debt, e.g., in comparison with selected corporate profit or balance sheet indicators. Definition: Long-Term Debt, Net of Current Portion + Current Portion of Long-Term Debt + Short-Term Loans – (Cash and Cash Equivalents + Highly Liquid Financial Assets).
Adjusted Net Income (After-Tax Income, Adjusted)	Purpose: This is a supporting indicator, intended primarily for investors, creditors, and shareholders, which allows interpreting achieved financial results with the exclusion of extraordinary, usually nonrecurring effects that are generally unrelated to ordinary financial performance and value creation in a given period. Definition: Net income (after-tax income) +/− additions to and reversals of impairments of property, plant, and equipment and intangible assets, including goodwill +/− additions to and reversals of impairments of developed projects +/− other extraordinary effects that are generally unrelated to ordinary financial performance in a given year and value creation in a given period +/− effects of the above on income tax.
Dividend per Share (Gross)	Purpose: The indicator expresses a shareholder's right to the payment of a share in a joint-stock company's profits (usually for the past year) corresponding to the holding of one share. The subsequent payment of the share in profits is usually subject to taxes, which may be different for different shareholders; therefore, the value before taxes is reported. Definition: Dividend awarded in the current year, before taxes, per outstanding share (paid in the reported year from the profits of prior periods).
EBITDA (EBIT Before Depreciation and Amortization, Impairments, and Asset Sales)	Purpose: This is an important economic indicator showing a business's operating efficiency comparable to other companies, as it is unrelated to the company's depreciation and amortization policy and capital structure or tax treatment. It is one of the fundamental indicators used by companies to set their key financial and strategic objectives. Definition: Earnings before taxes and other expenses and revenues + depreciation and amortization +/− impairments of property, plant, and equipment and intangible assets, including goodwill (including write-off of canceled investments) +/− sales of property, plant, and equipment and intangible assets.
Net Debt / EBITDA	Purpose: This indicates a company's capability to decrease and pay back its debt as well as its ability to take on

Indicator	
	additional debt to grow its business. CEZ Group uses this indicator primarily to assess the adequacy of its capital structure to the structure and stability of its expected cash flows. Definition: Net Debt / EBITDA. EBITDA is the running total for the past 12 months, i.e. EBITDA for the period from July 1 of previous year until June 30; Net Debt is the amount at the end of the period, i.e., June 30.

Most of the components used in the calculation of individual indicators are directly shown in financial statements. The components of calculations that are not included in the financial statements are usually shown directly in a company's books and are defined as follows:

Net Debt indicator—Highly Liquid Financial Assets item (CZK millions):

	As at Jun 30, 2017	As at Jun 30, 2018
Short-term debt securities available for sale	2,804	1,301
Short-term debt securities held to maturity	900	0
Short-term deposits	2,500	500
Long-term deposits	500	0
Long-term debt securities available for sale	1,809	512
Highly liquid financial assets, total	**8,512**	**2,313**

Adjusted Net Income indicator—individual components:

Adjusted Net Income (After-Tax Income, Adjusted)	Unit	Q1—Q2 2017	Q1—Q2 2018
Net income	CZK millions	16,658	7,715
Impairments of property, plant, and equipment and intangible assets, including goodwill	CZK millions	271	157
Impairments of developed projects*)	CZK millions	0	0
Impairments of property, plant, and equipment and intangible assets, including goodwill, at joint ventures**)	CZK millions	75	0
Effects of additions to or reversals of impairments on income tax***)	CZK millions	(51)	(28)
Other extraordinary effects	CZK millions	0	0
Adjusted net income	**CZK millions**	**16,953**	**7,843**

**) Included in the row Other operating expenses (impairments of inventories) in the Consolidated Statement of Income*
***) Included in the row Share of profit (loss) from associates and joint-ventures in the Consolidated Statement of Income*
****) Included in the row Income taxes (deferred tax) in the Consolidated Statement of Income*