

Internal Information

CEZ Group earned CZK 14.2 billion in the first quarter, a year-on-year increase by 43%

CEZ Group's net income in the first quarter of 2020 reached CZK 14.2 billion, a year-on-year increase by CZK 4.2 billion. Operating profit before write-offs (EBITDA) grew by 22% to CZK 25.9 billion. The significant increase in profit is mainly caused by the growth of realization prices of generated electricity in the Czech Republic due to multi-year pre-sales on wholesale markets in Germany and additional profits from commodity trading. The COVID-19 pandemic has had only a limited impact on CEZ Group and will not affect its operations until the 2nd and 3rd quarters.

“The financial performance for the first quarter exceeded our estimations. We benefited from the medium-term hedging of our production revenues on wholesale markets, and hedging contracts in Germany also brought us CZK 1.4 billion due to an increase in the difference between Czech and German electricity market prices. We assume that the COVID-19 pandemic will affect CEZ Group only temporarily and to a limited extent. CEZ Group maintains strong financial health and remains a stable company and a security for shareholders. I am glad that ČEZ's financial condition allows the ČEZ Board of Directors to propose a dividend from last year's profit in the amount of CZK 34 per share, i.e. CZK 10 more than last year,” said Daniel Beneš, Chairman of the Board of Directors and CEO of ČEZ.

Operating revenues reached CZK 57 billion, increasing year-on-year by CZK 5.2 billion, i.e. by 10%. Electricity production from traditional sources decreased year-on-year by 5%; electricity production from new energy sources increased by 8%, mainly due to better weather conditions in Germany and Romania. In addition to the outage extension of the Dukovany power plant due to the higher scope of inspection work, the decrease in production from traditional sources was also caused by CEZ Group's gradual transition from coal to emission-free sources. Year-on-year, ČEZ shut down 500 MW of coal-fired units. Two units with an output of 220 MW in the Ledvice power plant, a unit in the Dětmarovice power plant with an output of 200 MW and generating facility units in Vítkovice with an output of almost 80 MW were shut down.

“We estimate a negative impact of the COVID-19 pandemic on CEZ Group's operating profit in the amount of CZK 3 to 4 billion. However, due to the high profit for the first quarter thanks to profits from commodity trading and the additional benefits of securing production, we estimate full-year operating profit before write-offs (EBITDA) in the amount of CZK 61 to 64 billion and net profit adjusted for extraordinary effects in the amounts of CZK 19 to 22 billion. Therefore, we now expect full-year profit to be only CZK 1 to 2 billion lower than we expected before the spread of the pandemic in the world. In addition, CEZ Group maintains a strong liquidity position and a reasonable level of indebtedness. We continue to have access to CZK 37.5 billion in committed credit facilities, drawing only CZK 1.1 billion so far. The ratio of the Group's net debt to the achieved EBITDA for the past year reaches a ratio of 2.6,” said Martin Novák, Member of the Board of Directors and Director of the Finance Division.

“This year, too, we have successfully followed on the record profits from commodity trading in previous years. The sales team took advantage of the volatility of commodity markets and contributed over CZK 2 billion to CEZ Group's profit for the first quarter,” said Pavel Cyrani,

Vice-Chairman of the Board of Directors, adding: *“In the past quarter, there was a significant shift in the preparation of a new nuclear power plant in the Czech Republic. The Government of the Czech Republic has approved the intention to conclude two agreements with ČEZ regulating the framework conditions for the construction of a new nuclear power plant at the Dukovany site. At the same time, it instructed the Deputy Prime Minister to discuss them with the European Commission and gave him the task of preparing an act on measures for the Czech Republic's transition to low-carbon energy by the middle of this year. This will open up the possibility for the government to order the construction of a nuclear power plant under predefined conditions, incl. the method of determining the purchase prices of electricity from the new source.”*

Electricity consumption in the distribution area of ČEZ Distribuce remained the same year-on-year. The coronavirus pandemic did not fully erupt until March, when consumption decreased, eliminating the previous year-on-year increase. Large enterprise consumption declined by 1.2% in the first quarter, while residential customer consumption grew by 2.9%. In April, electricity consumption in the Czech Republic declined year-on-year by 11%.