Internal Information

CEZ Group Earned CZK 5.1 Billion in 3Q 2021

Operating profit before depreciation and amortization (EBITDA) for Q1-Q3 reached CZK 47.5 billion, down by CZK 3.4 billion year on year. The year-on-year decrease is due to the sale of the Romanian and Bulgarian assets in 2021, which resulted in a shorter period of time during which CEZ Group consolidated the results of the assets sold into its results in 2021, and thus CZK 3.1 billion less year on year. CEZ Group refines its full-year EBITDA guidance to CZK 59 to 60 billion, while its expected Net Profit adjusted for extraordinary effects is expected to reach CZK 19 to 21 billion.

CEZ Group's Net Profit for Q1 - Q3 amounted to CZK 6.7 billion. Adjusted for extraordinary effects, it amounted to CZK 16.9 billion, down 10% year on year. Net Profit was negatively affected by deteriorating medium-term market conditions for coal-fired power generation following the increase in climate targets at the EU level and the recommendation of the Coal Commission of the Czech Republic to stop burning coal by 2038 at the latest. For these reasons, the market value of Severočeské doly declined, and in accordance with accounting standards, CEZ Group made an adjusting entry of CZK 9.2 billion this year as a result of lower expected demand for coal and the earlier closure of mining operations.

In the third quarter alone, Net Profit reached CZK 5.1 billion. EBITDA amounted to CZK 15.9 billion, up by CZK 3.7 billion year on year, mainly due to higher profits from commodity trading and the elimination of temporary losses on production hedging contracts from the first half of the year.

“The operating results have been developing in line with our initial ambitions. CEZ Group's CO2 emission intensity in power generation decreased by 12% year on year in Q1-Q3. The current dramatic rise in electricity market prices to historic highs will only have a positive impact on CEZ Group's results in the years to come, as all available nuclear and coal capacity has already been sold for this year and more than 80% of the capacity for next year has already been sold as well. I am glad that CEZ shares are growing faster than those of other European energy companies and that they are even providing the highest total return for shareholders this year (at over 50%) among the most important European energy companies included in the STOXX Europe 600 Utilities stock index,” said Daniel Beneš, Chairman of the Board of Directors and CEO of CEZ.

Total electricity production within the existing companies (i.e. excluding divested assets in Romania and Bulgaria) decreased by 8% year on year. In its emission-free nuclear and renewable sources, CEZ Group generated a total of 24.8 TWh, down 1% year on year. In emission sources, it generated 14.8 TWh, down 18% year on year, mainly due to the sale of the Počerady power plant and the shutdown of the Prunéřov 1 and Mělník 3 power plants. For the full year of 2021, we expect a 14% decrease in emission intensity for the power generated to 0.28 t CO2/MWhe, which corresponds to some 80% of the emissions of a new CCGT plant.

“Sales of electricity and gas to end customers in the Czech Republic increased significantly year on year. In the first three quarters, electricity grew by 9% and gas by 18%. The subsequent sharp rise in electricity market prices caused existential problems for some competing trading companies in the Czech Republic, which did not sufficiently hedge their positions against market fluctuations in electricity prices. As a result, CEZ Group, through ČEZ Prodej, took over the electricity supply of almost 400 thousand end customers as a supplier of last resort from Bohemia Energy, which stopped meeting its obligations. The prices at which our subsidiary ČEZ Prodej supplies electricity to these customers are defined by the applicable laws and regulations and correspond to current market prices and the costs of administering the customer takeover,” said Pavel Cyrani, Vice-Chairman of the Board of Directors and Director of ČEZ's Sales and Strategy Division.

Sales of comprehensive energy services grew by 4% year on year and are expected to increase by 10% for the full year. Electricity consumption in CEZ Distribuce's distribution territory grew by 7% year on year, and by 5% on a weather- and calendar-adjusted basis. Large business consumption grew by 6% year on year, and household consumption by 12%. Overall, consumption reached a higher level than in 2019, i.e. before COVID-19 spread in Europe.

“We are refining our full-year EBITDA guidance to CZK 59 to 60 billion, while our expected Net Profit adjusted for extraordinary effects is expected to reach CZK 19 to 21 billion. The improvement in our expectation is mainly due to higher profits from commodity trading and, at the net profit level, the receipt of interest related to a refund of our overpayment of the donation tax on emission allowances for 2011 and 2012. CEZ Group's net debt decreased by CZK 13.7 billion in the first three quarters, thanks also to the proceeds from the sale of its Bulgarian assets at CZK 9.5 billion. In Q3, we stopped the process of selling our power generation assets in Poland because the prices offered were not financially attractive enough. At the same time, we started steps to secure heat supply in both locations from modern low-emission sources,” said Martin Novák, Member of the Board of Directors and Director of CEZ Finance Division.