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Internal Information

In Q1, CEZ Group earned CZK 10.8 billion, almost 60 percent less year-on-year.

The ČEZ Board of Directors proposes a record dividend of CZK 117 per share.

Its EBITDA in Q1 reached CZK 32.5 billion. The year-on-year decrease of CZK 11.1 billion was mainly due to extraordinary profits of over CZK 10 billion in 2022. This is due to the extreme increase and fluctuations in commodity prices following Russia's military invasion of Ukraine, the implemented liquidity measures and record profits from commodity trading last year. Net income in Q1 reached CZK 10.8 billion, a year-on-year decrease of CZK 15.9 billion. Beyond the decrease in operating profit, the newly introduced windfall profits tax of 60% had a major impact. CEZ Group specified its financial outlook for the entire year 2023: An EBITDA of CZK 105 to 115 billion and a net income of CZK 33 to 37 billion. The ČEZ Board of Directors approved the dividend proposal in a record amount of CZK 117 per share and set the date for the Annual Shareholder's Meeting at June 26, 2023 in Prague. If the proposed dividend is approved by the Annual Shareholders' Meeting, CEZ Group will pay more than CZK 100 billion to the Czech state this year in dividends, income taxes and levies from excessive production sales.

"The financial results for Q1 are in line with our estimates and reflect a gradual stabilization on energy markets. The ČEZ Board of Directors approved a dividend proposal of CZK 117 per share. The proposal corresponds to a payment of 80% of the consolidated CEZ Group profit for 2022 adjusted for extraordinary effects, thus the upper limit of the Company's dividend policy. It is historically the highest proposal. If the Annual Shareholder's Meeting approves the proposal, almost CZK 63 billion will be distributed among the shareholders and the majority shareholder, the Czech Republic, will receive CZK 44 billion. Taking into account the extraordinary taxation of sales and profits of energy companies, we expect that CEZ Group will pay more than CZK 100 billion to the Czech state in dividends, income taxes and levies on production sales this year," said Daniel Beneš, Chairman of the Board of Directors and CEO of ČEZ.

Operating revenues for Q1 reached CZK 93.4 billion, up by CZK 17.4 billion year-on-year. Its EBITDA in Q1 reached CZK 32.5 billion. The year-on-year decrease of CZK 11.1 billion primarily reflects a temporary non-recurring gain of CZK 7.4 billion last year as a result of an extreme increase in commodity prices and measures taken to strengthen liquidity. Furthermore, the trading segment's contribution decreased by CZK 4.6 billion year-on-year, mostly due to record profits from commodity trading in 2022 and the revaluation of derivative trades hedging production and sales positions for the coming period. The overall positive impact of higher output prices (CZK +11.2 billion year-on-year) was almost canceled out by levies on excessive sales (CZK -10.3 billion).

The increase in commodity market prices last year negatively affected the performance of commodity sales companies as the cost of electricity and gas increased extremely year-on-year. The EBITDA of the company ČEZ Prodej, which supplies electricity and gas to end customers, mostly residential customers, experienced a loss for Q1 (CZK -3.4 billion) and CZK 3.2 billion year-on-year decrease due to the significant impact of temporary seasonal factors and higher costs of purchases to cover fluctuations in customer consumption. Prices for end customers are generally set the same for winter and summer, while the purchase prices of electricity and gas are generally significantly higher in winter than at other times of the year. High commodity prices in 2023 make this seasonal factor even more significant. On the other hand there was a positive year-on-year development in the performance of the SALES segment in energy services and the B2B segment, the EBITDA of which increased year-on-year by CZK 1.8 billion.

Electricity production from emission-free renewable and nuclear sources increased by 6% year-on-year, mainly thanks to the higher availability of the Dukovany Nuclear Power Plant, and reached 9.4 TWh. Conversely, generation from coal and CCGT emitting sources decreased by 22% to 4.7 TWh due to lower deployment of resources in view of the decline in market prices for electricity and the increase in the price of emission allowances and natural gas.

Electricity consumption in the distribution area of the company ČEZ Distribuce decreased by 5% to 9.4 TWh year-on-year. Consumption by large enterprises decreased by 4%, and consumption by residential customers decreased by 7%. The decrease mainly reflects a reduction in customer consumption due to high commodity prices.

“The financial results for Q1 reflect extraordinary taxation introduced last year. The cost of levies on excessive production sales exceeded CZK 10 billion in Q1 and the tax on unexpected profits amounted to CZK 9 billion. For the entirety of 2023 we expect levies from these extraordinary measures to amount to CZK 30 to 40 billion. In addition, we expect to pay an additional CZK 26 to 30 billion in current income taxes to the Czech state this year,” said Martin Novák, member of the Board of Directors and CFO, adding: “CEZ Group’s net debt decreased by CZK 73.8 billion in Q1, mostly due to a partial stabilization of the energy market and a decrease of CZK 43 billion in margin deposits on commodity exchanges. In view of the significant decrease in electricity market prices, we are refining our outlook for the entirety of 2023, estimating an operating profit before depreciation and amortization (EBITDA) in the range of CZK 105 to 115 billion, and a net income adjusted for extraordinary effects of CZK 33 to 37 billion.”