



ČEZ Group Quarterly Report on Operational, Economic and Financial Results for 1st Quarter 2005

NON-AUDITED CONSOLIDATED RESULTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Main features

- EBIT increased by CZK 2.1 bn (25.0%) and EBITDA grew by CZK 2.3 bn (17.7%).
- Shares of three Bulgarian distribution companies were acquired in January 2005 after a contract was signed in November 2004. Performance of these companies is included in ČEZ Group results since 1st quarter 2005.
- ČEZ Group electricity generation volume totaled 16.1 TWh; most of it was generated in fossil power plants (49.6%) and nuclear power plants (46.5%), with the remainder being generated in hydro power plants and from other renewable sources of energy. ČEZ Group power plants accounted for 71.1% of overall Czech Republic electricity generation.
- According to Antitrust Office's decision of 11 March 2005, ČEZ, a. s. is allowed to keep its share in North Bohemian electricity distributor Severočeská energetika, a.s. ČEZ, a. s. will be obligated to sell capacity of 400 MW generated in "the virtual power plant" to third parties in 2006 and 2007.
- On April 5, 2005 ČEZ, a. s. signed an agreement with the state-owned Romanian company Electrica S.A. for purchase of shares in the Electrica Oltenia S.A. electricity distribution company.
- ČEZ, a. s. is taking part in the privatization of Polish power plant companies.
- An extraordinary General Meeting of ČEZ, a. s. took place in January 2005.
- The price of ČEZ shares on the Prague Stock Exchange grew from CZK 347.8 to CZK 408.1 in the period between January and March 2005. The price remained almost the same later in 2005, reaching CZK 406.6 on May 30, 2005.
- Standard & Poor's rating outlook increased from "stable" to "positive" as of May 31, 2005. The rating grade remained unchanged at "BBB+".

Prague, May 31, 2005

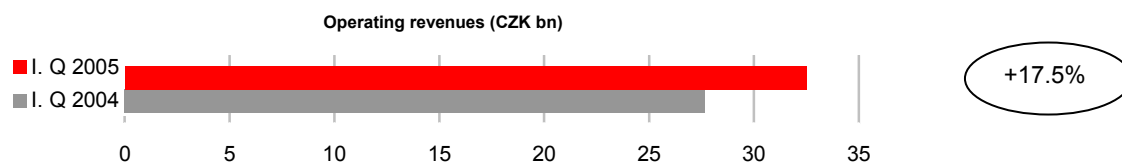
Income Statement in Accordance with International Financial Reporting Standards	March 2005		March 2004	Index 05/04
	CZK m	EUR m	CZK m	
Revenues	32,509	1,086	27,668	117.5%
Operating expenses	22,160	740	19,387	114.3%
Fuel	3,590	120	3,823	93.9%
Purchased power and related services	9,780	327	7,380	132.5%
Depreciation and amortization	4,777	160	4,575	104.4%
Operating income (EBIT)	10,349	346	8,281	125.0%
EBITDA	15,126	505	12,856	117.7%
Other expenses (income)	991	33	929	106.7%
Income before income taxes (EBT)	9,358	313	7,352	127.3%
Income taxes	2,327	78	1,688	137.9%
Net income	7,031	235	5,664	124.1%
Net income attributable to equity holders of the parent	6,755	226	5,254	128.6%
Net income attributable to minority interests	276	9	410	67.3%
	Unit	March 2005	March 2004	Index 05/04
Earnings per share (EPS)	CZK	11.4	8.9	128.5%
Price earnings ratio (P/E) *	1	16.5	10.5	157.5%
Return on equity (ROE) net *	%	8.9	7.1	125.6%
Return on total assets (ROA) net *	%	5.4	4.6	118.5%
Assets turnover *	1	0.37	0.38	97.6%
Total indebtedness (provisions excluded)	%	26.2	26.3	99.5%
Long-term indebtedness	%	14.9	11.2	132.3%

* for the last 12 months

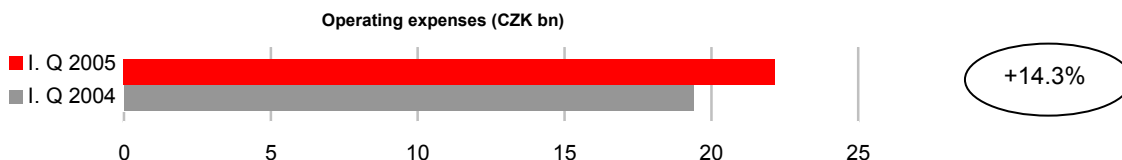
At the end of March 2005, ČEZ Group consisted of 29 fully consolidated companies and 6 companies consolidated by the equity method. The consolidated group increased mainly by the acquisition of three Bulgarian electricity distributing companies at the beginning of the year 2005.

Revenues, Expenses, Income

1st quarter revenues jumped by 17.5% to CZK 32.5 bn, which is 4.8 bn more than in 2004. Revenues were driven by sales of electricity (up CZK 5.4 bn or 21.0%), while other revenues decreased by CZK 0.5 bn. In the structure of revenues, increases were recorded mainly in sales of ancillary, system and distribution services (up CZK 2.7 bn or 39.6%), end-user sales (up CZK 2.1 bn or 21.9%), and sales to distribution companies (up CZK 0.9 bn or 25.9%). These figures include the newly consolidated Bulgarian distribution companies. A decrease in electricity export revenues (by CZK 1.6 bn) was partly offset by higher sales to domestic traders (by CZK 0.9 bn).

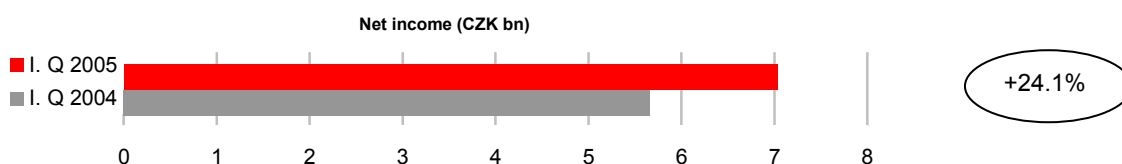


Operating expenses, including the newly consolidated Bulgarian distribution companies, rose by CZK 2.8 bn (14.3%) to reach CZK 22.2 bn. The principal cause was a CZK 2.4 bn (32.5%) increase in the costs of purchased electricity and related services. Depreciation and amortization was up (by CZK 0.2 bn or 4.4%), as were personnel costs (by 10.2%). On the other hand, fuel costs sank by CZK 0.2 bn (6.1%) and repairs and maintenance costs fell by CZK 0.1 bn (23.4%).



Other expenses, net increased by 6.7% and reached CZK 1.0 bn.

Income before other expenses/income and income taxes (EBIT) rose by CZK 2.1 bn (25.0%) to CZK 10.3 bn. Income before income taxes (EBT) was up by 27.3% and totalled CZK 9.4 bn, an increase of CZK 2.0 bn in comparison with the previous year. Income taxes, at CZK 2.3 bn, were up CZK 0.6 bn (37.9%). Net income increased by CZK 1.4 bn (24.1%) and reached CZK 7.0 bn (this amount includes CZK 0.3 bn corresponding to minority interests, which is lower due to increased ownership by ČEZ).



Earnings per share rose from CZK 8.9 to CZK 11.4 in line with the increase in net income. The **price/earnings ratio** increased by 57.5% from 10.5 to 16.5, reflecting the faster pace of growth in ČEZ's share price (from CZK 190.8 to CZK 408.1, or 113.9%), compared to the increase in cumulative net income (35.0%). Profitability indicators continued at favorable levels: the **net return on equity** increased from 7.1% to 8.9% thanks to net income rising faster than shareholders' equity, and the **net return on total assets** increased from 4.6% to 5.4% as a result of the already mentioned rise in net income, which exceeded the increase in the average value of total assets. **Assets turnover** decreased from 0.38 to 0.37 due to growth in the average value of total assets being higher than the increase in revenues for the last 12 months. **Total indebtedness** (provisions excluded) remained almost unchanged (26.2% compared to 26.3% at the end of 1st quarter 2004). On the other hand, **long-term indebtedness** increased from 11.2% to 14.9% on a new issue of Eurobonds.

THE NUMBER OF EMPLOYEES of ČEZ Group member companies increased year-on-year by 4,517 persons (24.8%) to 22,731 persons. The increase was caused by the acquisition of Bulgarian distribution companies; when adjusted for that transaction, the number would decrease by 362 persons (2.0%).

Electricity sales

CZECH REPUBLIC

DEMAND FOR ELECTRICITY, at a total of 16.2 TWh in the Czech Republic, was up 228 GWh (1.4%), while domestic electricity generation, at 22.7 TWh, decreased by 365 GWh (1.6%). Industrial consumption increased by 161 GWh (1.8%) and household consumption increased slightly (up 24 GWh or 0.5%). Small business consumption rose by 41 GWh (1.7%).

ELECTRICITY SALES of ČEZ Group decreased by 873 GWh (4.8%) to 17,267 GWh, mainly due to lower wholesale trading activities, i. e. swaps and exchange trading (- 569 GWh). Sales in the domestic market increased by 195 GWh (1.4%) to 13,899 GWh. Net export, including 1,724 GWh of electricity sold to traders for export, decreased by 499 GWh.

ELECTRICITY GENERATION of ČEZ Group reached 16,123 GWh, down 449 GWh (2.7%) in comparison with 2004. Generation in nuclear facilities increased by 710 GWh (10.5%). Increased production in hydro power plants (by 146 GWh or 29.9%) was due to the completion of plant rebuilds following the 2002 flood and better hydrological conditions. Generation in fossil power plants decreased by 1,305 GWh (14.0%).

BULGARIA

In the 1st quarter of 2005, the three Bulgarian distribution companies belonging to ČEZ Group sold an aggregate total of 2,343 GWh of electricity, corresponding to CZK 3.5 bn in revenues.

Investment Program

Additions to property, plant and equipment increased year-on-year by CZK 242 m (9.7%) and reached CZK 2.7 bn. The first phase in the construction of the Spent Fuel Storage Facility at Dukovany was completed. The renovation of the instrumentation and control system of this power plant continues as well. New nuclear fuel was loaded into Unit No. 3 during an outage that lasted from February until April. Usage of this new fuel is resulting in huge fuel cost cuts and a related reduction in spent nuclear fuel storage costs. A planned outage of Unit No. 2 of Temelín Nuclear Power Station began in April, while an overhaul of Unit No. 1 that began in March ended in April. In conventional power plants, a planned retrofit of the brown coal-fired power plant Tušimice II was presented to local authorities in March.

Financing

NET CASH PROVIDED BY OPERATING ACTIVITIES decreased year-on-year by CZK 1.3 bn (15.4%) to CZK 7.3 bn, mostly due to higher income tax payments (by CZK 1.2 bn or 241.7%). Additionally, higher net income and lower payables were offset by an increase in receivables and last year's exchange rate gain of CZK 0.6 bn was not repeated this year.

TOTAL CASH USED IN INVESTING ACTIVITIES (CZK 2.2 bn) remained at the same level. Acquisitions of subsidiaries, net of cash, were up CZK 1.5 bn and proceeds from sale of subsidiary increased by CZK 0.6 bn. Proceeds from sales of fixed assets increased by CZK 0.9 bn (> 500%).

TOTAL CASH USED IN FINANCING ACTIVITIES (CZK 2.6 bn) decreased slightly (by CZK 0.1 bn or 3.6%). Proceeds from borrowings also decreased (by CZK 1.4 bn or 83.2%), as did payments of borrowings (by CZK 2.0 bn or 44.1%). Acquisition of treasury shares grew by CZK 0.5 bn.

RATING OF ČEZ, A. S.:

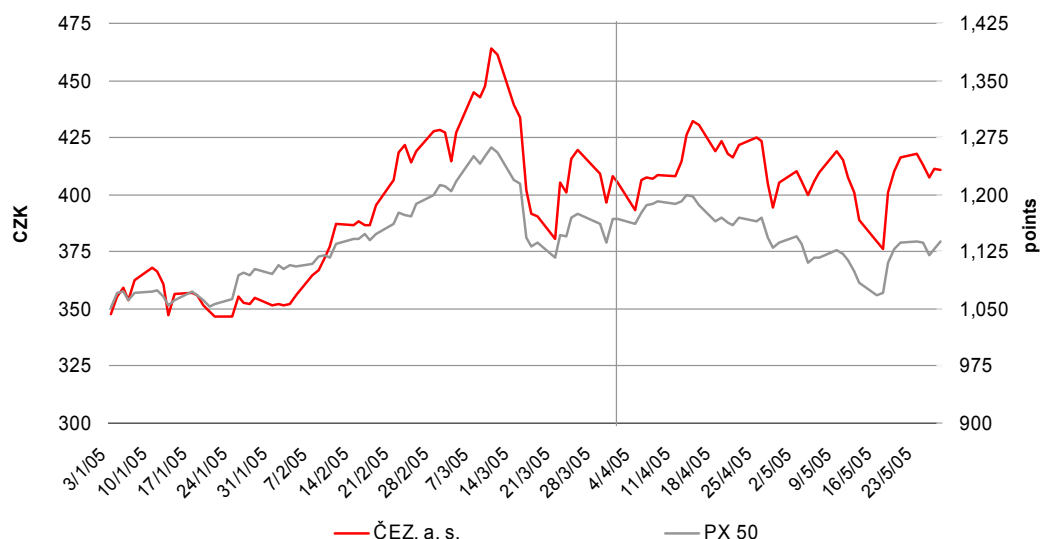
Moody's: "Baa1" with stable outlook

Standard & Poor's: "BBB+" with positive outlook.

Other information

- An agreement with the Bulgarian government on purchase of three distribution companies was signed in November. ČEZ took control over the companies in January 2005 after effecting payment in late 2004.
- ČEZ, a. s. signed a contract with state-owned company S. C. Electrica S.A. for the purchase of the Romanian distribution company Electrica Oltenia in April 2005, after ČEZ was chosen as the preferred bidder in December 2004 and the Romanian government decided on the sale in February 2005.
- ČEZ, a. s. submitted to the Antitrust Office its request for revision of the Office's decision ordering the sale of one of the majority stakes in Czech distribution companies. In March, the Antitrust Office allowed the stake to be kept under the condition that the company sells capacity of 400 MW generated in "the virtual power plant" to third parties in 2006 and 2007.
- ČEZ, a. s. bid for shares in Polish electricity generation companies. It is taking part in a tender for a privately-held interest in the company Zespół Elektrowni Patnów – Adamów – Konin SA as well as in the privatization of Zespół Elektrowni Dolna Odra SA and Elektrownia Kozienice SA. ČEZ was shortlisted in the latter two deals mentioned.
- ČEZ's share in engineering company ŠKODA PRAHA a.s. grew from 68.9% to 97.3% due to a buyout of shares announced in January. Additional share cost reached CZK 69.7 m.
- ČEZ presented its project for a complete rebuild of Tušimice II Power Station to local authorities. The power plant's efficiency will be increased to 37.5% and emissions will be significantly reduced. The rebuild is planned for the 2007 - 2010 period.
- The extraordinary General Meeting of ČEZ, a. s. on 21 January 2005 approved control agreements with subsidiaries (ČEZData, s.r.o., ČEZ Zákaznické služby, s.r.o. and ČEZ Logistika, s.r.o.), an amendment of the Articles of Association, distribution of CZK 50 m in remaining sponsorship donations approved by the 12th Annual General Meeting, a change in the share option program, an acquisition of treasury shares and wording of contracts with new members of the Supervisory Board.

ČEZ Share Price on Prague Stock Exchange (CZK) and comparison with PX50 stock index (points)



Consolidated Income Statement in accordance with IFRS (CZK m)	March 2005	March 2004
Revenues	32 509	27 668
Sales of electricity	30 890	25 538
Heat sales and other revenues	1 619	2 130
Operating expenses	22 160	19 387
Fuel	3 590	3 823
Purchased power and related services	9 780	7 380
Repairs and maintenance	491	641
Depreciation and amortization	4 777	4 575
Salaries and wages	2 186	1 984
Materials and supplies	658	727
Other operating expenses	678	257
Income before other expense/income and income taxes	10 349	8 281
Other expenses/income	991	929
Interest on debt, net of capitalized interest	464	430
Interest on nuclear provisions	514	493
Interest income	-77	-39
Foreign exchange rate losses/gains, net	-2	584
Gain(-)/Loss on sale of subsidiary/associate	187	0
Other expenses/income, net	147	-103
Income from associates	-242	-436
Income before income taxes	9 358	7 352
Income taxes	2 327	1 688
Net income	7 031	5 664
Net income attributable to equity holders of the parent	6 755	5 254
Net income attributable to minority interests	276	410

Consolidated Statement of Shareholders' Equity in accordance with IFRS (CZK m)	Attributable to Equity Holders of the Parent					Minority Interests	Total Equity
	Stated Capital	Translation Differences	Fair Value and Other Reserves	Retained Earnings	Total		
December 31, 2003	59 152	1	-81	93 552	152 624	7 893	160 517
Net Income for period 1-3/2004				5 254	5 254	410	5 664
Effect of acquisition of ŠKODA PRAHA on equity				404	404		404
Sale of treasury shares	69			4	73		73
Share on equity movements of associates				11	11		11
Change in minority due to acquisitions					0	224	224
Other movements		1		-2	-1		-1
March 31, 2004	59 221	2	-81	99 223	158 365	8 527	166 892
December 31, 2004	59 218	-2	35	104 438	163 689	5 282	168 971
Net Income for period 1-3/2005				6 755	6 755	276	7 031
Acquisition of treasury shares	-679				-679		-679
Sale of treasury shares	331			-78	253		253
Change in fair value of available-for-sale fin. assets recognized in equity			1		1		1
Change in fair value of cash flow hedges recognized in equity			-26		-26		-26
Effect of acquisition of ŠKODA PRAHA on equity				112	112		112
Share on equity movements of associates				-6	-6		-6
Change in minority due to acquisitions				0	0	2 343	2 343
Other movements		-150		-5	-155	-65	-220
March 31, 2005	58 870	-152	10	111 216	169 944	7 836	177 780

Electricity	March 2005	March 2004
ČEZ Group electricity supplied from power plants (GWh)	14 958	15 354
Electricity sold by ČEZ Group in the Czech Republic (GWh)	15 623	14 368
ČEZ Group electricity exports (GWh)	1 645	3 203
ČEZ Group electricity imports (GWh)	20	1
Trading outside the Czech Republic (GWh)	0	569

Consolidated Balance Sheet in accordance with IFRS (CZK m)	March 31, 2005	December 31, 2004
Assets	291 096	280 815
Fixed assets	260 442	258 082
Plant in service	387 744	374 731
Less accumulated provision for depreciation	170 070	165 878
Net plant in service	217 674	208 853
Nuclear fuel, at amortized cost	7 953	7 956
Construction work in progress	11 171	10 626
Investment in associates	6 989	7 474
Investments and other financial assets, net	11 056	19 690
Intangible assets, net	5 444	3 294
Deferred tax assets	155	189
Current assets	30 654	22 733
Cash and cash equivalents	10 053	7 545
Receivables, net	11 088	8 904
Income tax receivable	940	26
Materials and supplies, net	3 864	3 184
Fossil fuel stock	697	739
Other current assets	4 012	2 335
Shareholders' equity and liabilities	291 096	280 815
Shareholders' equity	177 780	168 971
Equity attributable to equity holders of the parent	169 944	163 689
Stated capital	58 870	59 218
Minority interests	7 836	5 282
Long-term liabilities	72 837	72 823
Long-term debt, net of current portion	37 727	38 190
Accumulated provision for nuclear decommissioning and fuel storage	29 531	29 441
Other long-term liabilities	5 579	5 192
Deferred taxes liability	19 445	16 008
Current liabilities	21 034	23 013
Short-term loans	478	240
Current portion of long-term debt	2 000	3 439
Trade and other payables	10 577	12 409
Income tax payable	410	1 021
Accrued liabilities	7 569	5 904

Consolidated Cash Flow Statement in accordance with IFRS (CZK m)	March 2005	March 2004
Cash and cash equivalents at beginning of period	7 545	4 014
Effect of change in group structure on opening balance of cash and equivalents	0	0
Operating activities:	7 270	8 591
Income before income taxes	9 358	7 352
Depreciation and amortization and asset write-offs	4 777	4 575
Amortization of nuclear fuel	906	838
Foreign exchange rate loss (gain)	-2	584
Provision for nuclear decommissioning and fuel storage	39	120
Changes in assets and liabilities	-6 101	-3 170
Income taxes paid	-1 729	-506
Investing activities	-2 169	-2 177
Financing activities	-2 582	-2 678
Net effect of currency translation on cash	-11	44
Cash and cash equivalents at end of period	10 053	7 794

Capacity, Employees	March 31, 2005	December 31, 2004
ČEZ Group installed capacity (MW)	12 297	12 297
ČEZ Group number of employees (pers)	22 731	17 855