



ČEZ Group Brief Report on Operational, Economic and Financial Results for 2004

AUDITED AND CONSOLIDATED RESULTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Main features

- EBIT increased by CZK 6.2 bn (47.3%) and EBITDA increased by CZK 7.6 bn (25.3%).
- ČEZ Group electricity generation volume totaled 62.1 TWh, mostly generated in fossil power plants (55%) and nuclear power plants (42%), with the remainder being generated in hydro power plants and from other renewable sources of energy. ČEZ Group power plants accounted for 73.7% of overall Czech Republic electricity generation.
- ČEZ, a. s. can keep its share in North Bohemian electricity distributor Severočeská energetika, a.s., according to Antitrust Office's decision of 11 March 2005. ČEZ, a. s. will be obligated to sell 400 MW of generated capacity to third parties in 2006 and 2007.
- Shares of Bulgarian distribution companies were acquired in January 2005 after a contract was signed in November 2004.
- On April 5, 2005 ČEZ, a. s. signed an agreement with the state-owned Romanian company Electrica for purchase of shares in the Electrica Oltenia electricity distribution company.
- 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 146 to CZK 341 in the period between January and December 2004. The price continued to grow in 2005 as well, reaching CZK 394 on April 28, 2005.

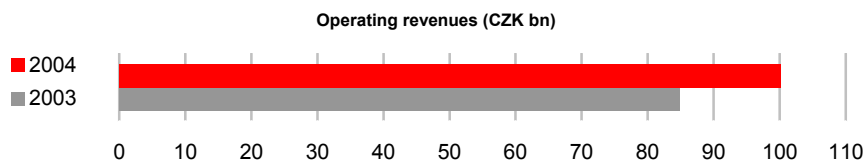
Prague, May 2, 2005

Income Statement in Accordance with International Financial Reporting Standards	2004		2003	index 04/03
	CZK m	EUR m	CZK m	
Revenues	100,165	3,288	84,816	118.1%
Operating expenses	81,010	2,659	71,812	112.8%
Fuel	14,370	472	14,307	100.4%
Purchased power and related services	26,511	870	21,100	125.6%
Depreciation and amortization	18,384	603	16,961	108.4%
Operating income (EBIT)	19,155	629	13,004	147.3%
Operating profit before taxes, depreciation and amortization (EBITDA)	37,539	1,232	29,965	125.3%
Other expenses (income)	1,227	40	2,267	54.1%
Income before income taxes (EBT)	17,928	588	10,737	167.0%
Income taxes	3,845	126	1,349	285.0%
Minority interests	1,024	34	519	197.3%
Net income	13,059	429	8,869	147.2%
	Unit	2004	2003	index 04/03
Earnings per share (EPS)	CZK	22.1	15.0	147.0%
Price earnings ratio (P/E)	1	17.5	9.7	180.6%
Return on equity (ROE) net	%	8.3	6.0	137.9%
Return on total assets (ROA) net	%	5.0	3.7	136.8%
Assets turnover	1	0.36	0.33	107.7%
Total indebtedness (provisions excluded)	%	27.2	30.1	90.4%
Long-term indebtedness	%	15.4	13.0	118.8%

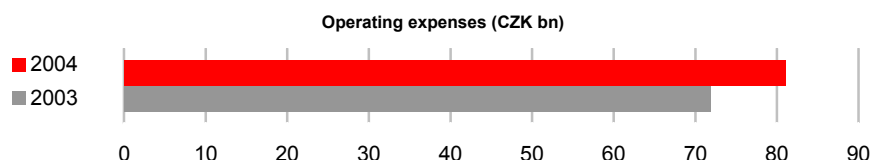
ČEZ's 2003 results have been recalculated according to IFRS principles, and now they differ from the results presented a year ago. At the end of 2004 ČEZ Group consisted of 27 fully consolidated companies and 7 companies consolidated by the equity method. The final accounts include the results of electricity distribution companies starting only from the date they were acquired, i.e. from 1 April 2003. The electricity sales volume and production figures include the electricity distribution companies' contributions for the full year 2003.

Revenues, Expenses, Income

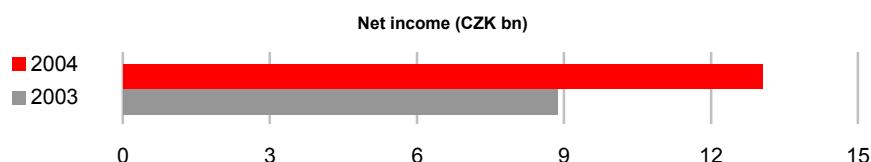
ČEZ GROUP TURNOVER totaled CZK 100.2 bn, which is CZK 15.3 bn (by 18.1%) higher than in the year 2003. The growth in revenues was strongly driven by the change in Group structure. Revenues from electricity sales rose by CZK 13.2 bn (16.6%) to CZK 92.7 bn, and within that figure, revenues from ancillary, system and distribution services were up CZK 9.5 bn (43.1%) to CZK 31.6 bn. Sales of electricity for consumption in the Czech Republic (i.e. excluding sales for export) increased by CZK 2.3 bn (5.2%) to CZK 46.4 bn, while export (including sales to domestic traders for subsequent export) rose by CZK 1.4 bn (10.4%) to CZK 14.7 bn. For a better comparison, sales in the last 3 quarters of 2004 were up 5.1% over the same period of 2003.



OPERATING EXPENSES reached CZK 81.0 bn, which was CZK 9.2 bn (12.8%) higher than in the year 2003. This increase consisted mainly of the cost of purchased power and related services, which was up CZK 5.4 bn (25.6%) to CZK 26.5 bn, depreciation and amortization (up CZK 1.4 bn, or 8.4% to CZK 18.4 bn) and personnel costs (up CZK 1.7 bn or 20.6% to CZK 9.6 bn). When only the last three quarters of year 2004 and 2003 are compared, operating expenses remained flat (growth of 1.7%). Major items in 2004 operating expenses included purchases of power and related services (32.7%), depreciation and amortization (22.7%) and fuel costs (17.7%). Other expenses/income decreased by CZK 1.0 bn (45.9%) to CZK 1.2 bn, mainly due to change in allowances to financial expenses and net gains on securities sold.



INCOME BEFORE OTHER EXPENSES/INCOME AND INCOME TAXES (EBIT) rose by CZK 6.2 bn (47.3%) to CZK 19.2 bn. **INCOME BEFORE INCOME TAXES (EBT)** jumped 67.0% to CZK 17.9 bn, an increase of CZK 7.2 bn in comparison with previous year. **INCOME TAXES**, at CZK 3.8 bn, were up CZK 2.5 bn (185.0%). **MINORITY INTERESTS** nearly doubled (increase of 97.3%) to CZK 1.0 bn, due to the enlargement of ČEZ Group and higher profit. **NET INCOME** for the year 2004 was CZK 13.1 bn, which represents an increase of CZK 4.2 bn (47.2%) in comparison with 2003.



Earnings per share shot up from CZK 15.0 to CZK 22.1, in line with the increase in net income. The **price/earnings ratio** skyrocketed 80.6% from 9.7 to 17.5, reflecting the faster pace of growth in ČEZ's share price (up 134%) compared to net income (up 47.2%). Profitability indicators continued at favorable levels: the **net return on equity** increased from 6.0% to 8.3% thanks to net income rising faster (up 47.2%) than shareholders' equity (up 7.3%), and the **net return on total assets** increased from 3.7% to 5.0% as a result of the already mentioned rise in net income, which exceeded the increase in the average value of total assets by 9.7%. **Assets turnover** rose from 0.33 to 0.36 (18.1%) due to growth in revenues (relating to Group enlargement) being higher than the increase in the average value of total assets. **Total indebtedness (provisions excluded)** decreased from 30.1% to 27.2%, mostly as a result of repayment of bills of exchange, which were issued to finance the acquisition of 5 Czech electricity distribution companies in 2003. On the other hand, **long-term indebtedness** increased from 13.0% to 15.4% on a new issue of eurobonds.

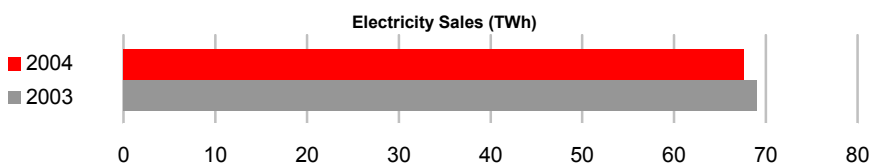
THE NUMBER OF EMPLOYEES of ČEZ Group member companies decreased year-on-year by 245 persons (1.4%) to 17,855 persons.

Electricity sales

DEMAND FOR ELECTRICITY, at a total of 56.4 TWh in the Czech Republic, was up 1.6 TWh (2.9%), while domestic electricity generation, at 84.3 TWh, rose by 1.1 TWh (1.3%). Industrial consumption increased by 1.3 TWh (4.1%), whereas household consumption remained flat at 17 GWh (up 0.1%). Small business consumption rose by 228 GWh (3.0%).

ČEZ GROUP FINAL CUSTOMER MARKET SHARE (i.e. share in total supplies to final customers) remained at 2003's level (57%).

ELECTRICITY SALES of ČEZ Group decreased by 1,343 GWh (1.9%) to 67,662 GWh. Direct export of electricity decreased by 8,261 GWh (43.0%) to 10,966 GWh due to the new ban on sale (delivery) to multiple buyers (recipients) by a single entity over a given cross-border transmission profile. Domestic sales of 54,719 GWh include 5,885 GWh of electricity that was subsequently exported by traders. Thus, the real total export of ČEZ Group decreased by only 2,376 GWh (12.4%) and when electricity that was subsequently exported by domestic traders is excluded, domestic sales decreased by 49 GWh (0.1%) to 48,834 GWh. Import increased by 128 GWh (537.4%) to 152 GWh. The further opening of the electricity market to competition as of 1 January 2004 brought about an important change in the structure of domestic sales.



ELECTRICITY GENERATION of ČEZ Group member companies reached 62,126 GWh, up 727 GWh (1.2%) in comparison with 2003. Of the total figure, 99.2% was generated in facilities belonging to ČEZ, a. s. Generation in nuclear and hydro power plants increased by 453 GWh (1.8%) and 615 GWh (51.9%), respectively, while generation in fossil power plants decreased slightly by 340 GWh (1.0%).

Investment Program

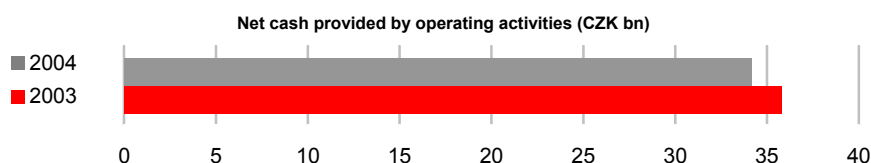
Additions to property, plant and equipment decreased year-on-year by CZK 8.2 bn (34.1%) and reached CZK 15.8 bn, because ČEZ, a. s. investments in 2003 were higher (to acquire majority shares in 5 Czech electricity distributing companies) than in the year 2004 (when minority shares in Severočeská energetika, a.s. and Severomoravská energetika, a.s. and a majority stake in ŠKODA PRAHA a.s. were acquired).

Both Temelín generating units received State Office for Nuclear Safety permission to operate in October, thus officially ending the trial operation period. Preparations for the construction of Spent Fuel Storage Facility at Temelín Nuclear Power Plant continue. The revamping of the instrumentation and control system of Dukovany Nuclear Power Plant continues as well. The first phase in the construction of the Spent Fuel Storage Facility at Dukovany was completed. In conventional power plants, 2004 saw the beginning of preparation for a retrofit of the lignite-fired power plant Tušimice II.

Financing

NET CASH PROVIDED BY OPERATING ACTIVITIES decreased year-on-year by CZK 1.6 bn (4.5%) to CZK 34.1 bn mostly due to higher income tax payments (up CZK 6.4 bn, >500%). Income tax paid in 2003 was just CZK 0.04 bn due to a tax deduction for capital investments (commissioning of the 2nd unit at Temelín), while income tax paid in the year 2004 was higher due to a gain realized on the sale of ČEPS, a.s. Cash generated from operations increased slightly by CZK 3.9 bn (10.7%) and dividends received were up CZK 0.7 bn (125.2%).

TOTAL CASH USED IN INVESTING ACTIVITIES (CZK 29.6 bn) decreased by CZK 1.3 bn (4.2%). Acquisitions of subsidiaries, net of cash proceeds from sale of subsidiary increased by CZK 2.0 bn (12.4%) but there was huge decrease of additions to property, plant and equipment (by CZK 8.2 bn, or 34.1%) and proceeds from sales of fixed assets were up CZK 4.8 bn (50.3%).



TOTAL CASH USED IN FINANCING ACTIVITIES (CZK 0.7 bn) decreased by CZK 4.5 bn (86.6%). The volume of newly issued foreign bonds exceeded repayments of loans and domestic bonds. New bonds with total nominal value of EUR 400 m (CZK 11.2 bn) were issued together with repayment of the 8th domestic issue (CZK 3 bn). Cash used in financing activities was also affected by a CZK 2.1 bn (78.9%) increase of dividends paid (to a total of CZK 4.7 bn).

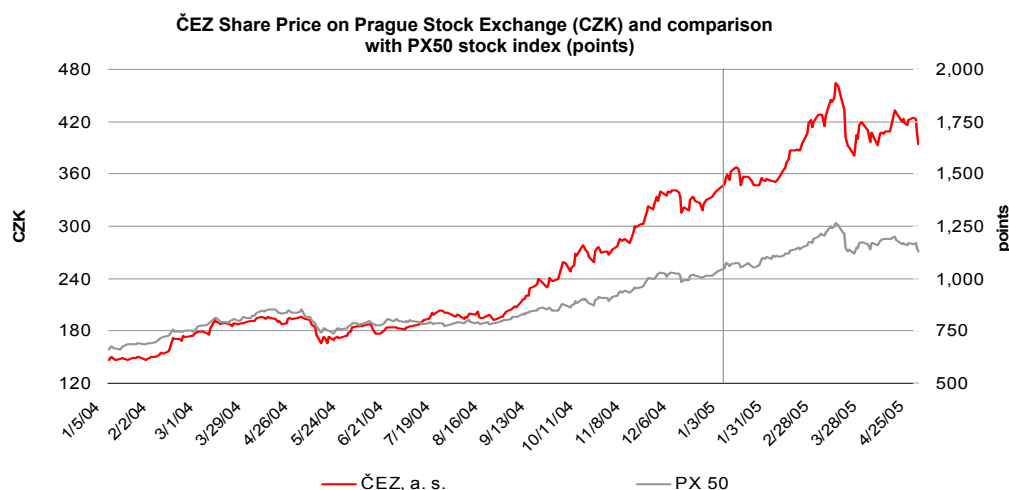
RATING OF ČEZ, A. S.:

Moody's: „Baa1“ with stable outlook

Standard & Poor's: „BBB+“ with stable 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 paying the purchase price in late 2004.
- ČEZ, a. s. submitted to the Antitrust Office its request for revision of Office's decision ordering the sale of one of the majority shares in Czech distribution companies. The Antitrust Office allowed the stake to be kept under the condition that the company sells 400 MW of generated capacity to third parties in 2006 and 2007.
- Temelín Nuclear Power Plant was awarded ISO 14001 environmental protection management certification in November 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.
- 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 remaining sponsorship donations of CZK 50 m 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 Supervisory Board.
- The first Peer Review took place at Temelín Nuclear Power Plant. WANO (World Association of Nuclear Operators) experts did not find any shortcomings in the power plant's safety procedures.
- A Deed of Release was signed with Dalkia France in December, followed by the signing of an agreement ending arbitration proceedings before the Paris-based ITC.
- Approximately 98% of electricity intended for domestic market in 2005 had been sold by December 31, 2004.



Consolidated Income Statement in accordance with IFRS (CZK m)	2004	2003
Revenues	100,165	84,816
Sales of electricity	92,748	79,548
Heat sales and other revenues	7,417	5,268
Operating expenses	81,010	71,812
Fuel	14,370	14,307
Purchased power and related services	26,511	21,100
Repairs and maintenance	4,420	4,226
Depreciation and amortization	18,384	16,961
Salaries and wages	9,644	7,994
Materials and supplies	3,769	3,670
Other operating expenses	3,912	3,554
Income before other expense/income and income taxes	19,155	13,004
Other expenses/income	1,227	2,267
Interest on debt, net of capitalized interest	1,864	1,714
Interest on nuclear provisions	1,965	1,680
Interest income	-329	-319
Foreign exchange rate losses/gains, net	-1,766	-1,915
Gain on sale of subsidiary	0	0
Other expenses/income, net	227	2,170
Income from associates	-734	-1,063
Income before income taxes	17,928	10,737
Income taxes	3,845	1,349
Income after income taxes	14,083	9,388
Minority interests	1,024	519
Net income	13,059	8,869

Consolidated Statement of Shareholders' Equity in accordance with IFRS (CZK m)	Stated Capital	Translation Differences	Fair Value and Other Reserves	Retained Earnings	Total Equity
December 31, 2002, as previously reported	59,041			84,634	143,675
Change in accounting policy - effect of change in group structure				609	609
January 1, 2003, as restated	59,041			85,243	144,284
Net Income - 2003				8,869	8,869
Change in fair value of available-for-sale financial assets in equity			-101	-101	
Gain on sale of subsidiary ČEPS, net of tax			7,162	7,162	
Effect of distribution companies acquisition on equity			-5,023	-5,023	
Sale of treasury shares	111		-5	106	
Dividends declared			-2,657	-2,657	
Returned dividends on treasury shares			4	4	
Share options			21	21	
Share on equity movements of associates			-25	-25	
Other movements		1	-1	-16	
December 31, 2003	59,152	1	-81	93,552	152,624
Net Income - 2004				13,059	13,059
Change in fair value of available-for-sale financial assets in equity			55	55	
Change in fair value of cash flow hedges recognized in equity			-690	-690	
Cash flow hedges removed from equity			621	621	
Gain on sale of subsidiary ČEPS, net of tax			2,436	2,436	
Effect of acquisition of ŠKODA PRAHA on equity			331	331	
Acquisition of treasury shares	-488			-488	
Sale of treasury shares	554		-223	331	
Dividends declared			-4,738	-4,738	
Share options			130	130	
Share on equity movements of associates			34	34	
Other movements		-3	-13	-16	
December 31, 2004	59,218	-2	35	104,438	163,689

Consolidated Balance Sheet in accordance with IFRS (CZK m)	Dec 31, 2004	Dec 31, 2003
Assets	280,815	278,223
Fixed assets	258,082	258,522
Plant in service	374,731	366,594
Less accumulated provision for depreciation	165,878	149,776
Net plant in service	208,853	216,818
Nuclear fuel, at amortized cost	7,956	9,574
Construction work in progress	10,626	10,204
Investment in associates	7,474	10,999
Investments and other financial assets, net	19,690	8,642
Intangible assets, net	3,294	1,997
Deferred tax assets	189	288
Current assets	22,733	19,701
Cash and cash equivalents	7,545	4,014
Receivables, net	8,904	7,064
Income tax receivable	26	103
Materials and supplies, net	3,184	3,242
Fossil fuel stock	739	979
Other current assets	2,335	4,299
Shareholders' equity and liabilities	280,815	278,223
Shareholders' equity	163,689	152,624
Stated capital	59,218	59,152
Retained earnings and other reserves	104,471	93,472
Minority interests	5,282	7,893
Long-term liabilities	72,823	64,335
Long-term debt, net of current portion	38,190	30,965
Accumulated provision for nuclear decommissioning and fuel storage	29,441	28,164
Other long-term liabilities	5,192	5,206
Deferred taxes liability	16,008	15,863
Current liabilities	23,013	37,508
Short-term loans	240	2,320
Current portion of long-term debt	3,439	5,691
Trade and other payables	12,409	20,579
Income tax payable	1,021	3,203
Accrued liabilities	5,904	5,715

Consolidated Cash Flow Statement in accordance with IFRS (CZK m)	2004	2003
Cash and cash equivalents at beginning of period	4,014	4,225
Effect of change in group structure on opening balance of cash and equivalents	0	166
Operating activities:	34,139	35,760
Income before income taxes	17,928	10,737
Depreciation and amortization and asset write-offs	18,522	16,969
Amortization of nuclear fuel	3,391	3,484
Foreign exchange rate loss (gain)	-1,766	-1,915
Provision for nuclear decommissioning and fuel storage	538	228
Changes in assets and liabilities	3,594	5,790
Income taxes paid	-6,425	-44
Investing activities	-29,632	-30,930
Financing activities	-689	-5,148
Net effect of currency translation on cash	-287	-59
Cash and cash equivalents at end of period	7,545	4,014

Capacity, Employees	Dec 31, 2004	Dec 31, 2003
ČEZ Group installed capacity (MW)	12,297	12,297
ČEZ Group number of employees (pers)	17,855	18,100

Electricity	2004	2003
ČEZ Group electricity supplied from power plants (GWh)	57,459	56,717
Electricity sold by ČEZ Group in the Czech Republic (GWh)	54,719	48,883
ČEZ Group electricity exports (GWh)	10,966	19,227
ČEZ Group electricity imports (GWh)	152	24
Trading outside the Czech Republic (GWh)	1,977	895