ČEZ GROUP 1st HALF 2005 RESULTS

UNAUDITED CONSOLIDATED
ACCORDING TO IFRS

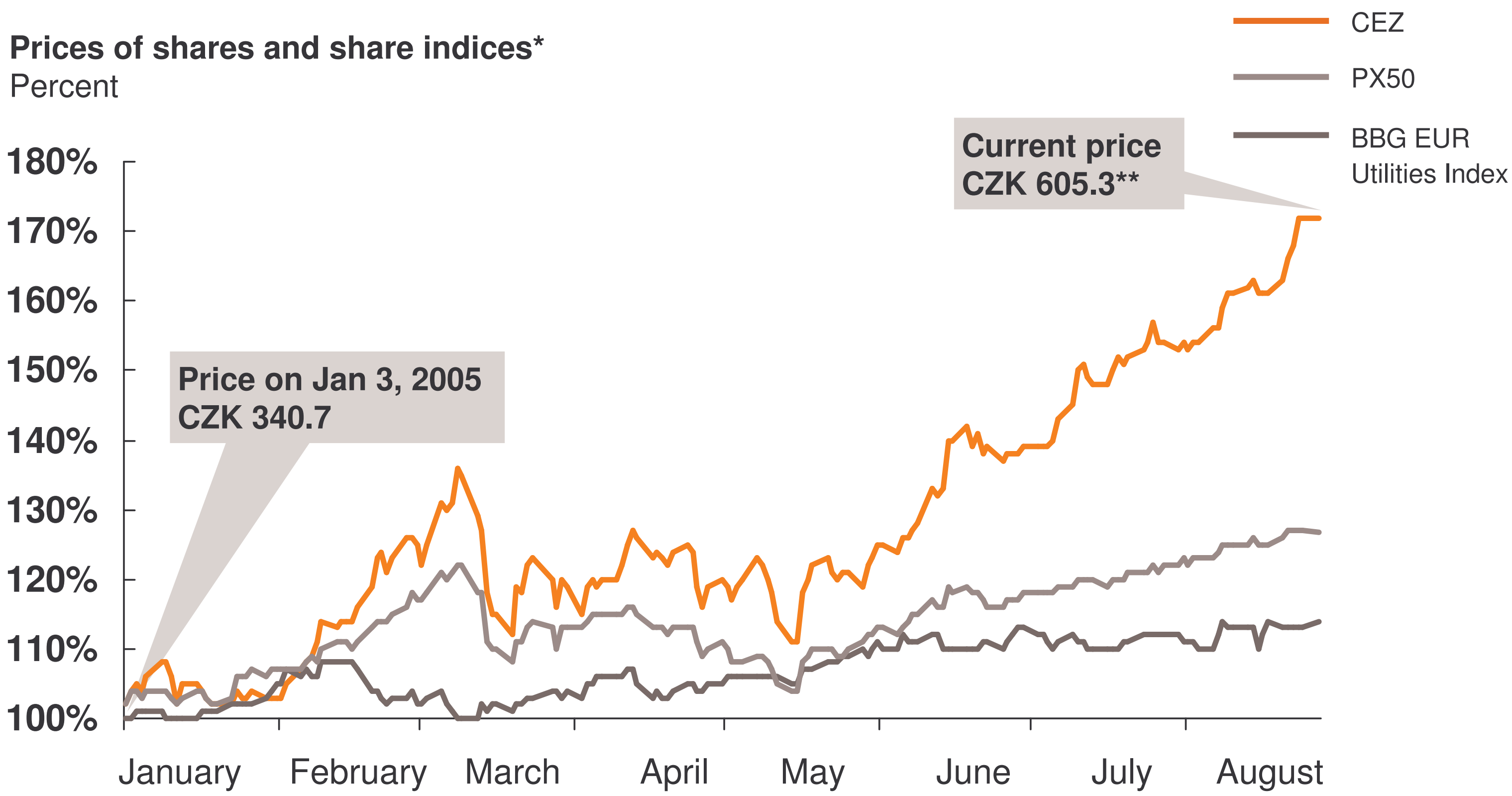
Prague, August 31, 2005

GROUP´S ECONOMIC PERFORMANCE IN 1st HALF 2005

- **The price of ČEZ shares** on the Prague Stock Exchange grew from CZK 341 to CZK 471 in H1 2005. The price later rose to its all time high to close at CZK 605 on August 30. **Market capitalization** stands at EUR 12.1 bn.
- ČEZ Group **EBIT** grew by 43.6% to CZK 16.1 bn.
- **EBIT margin** increased by c. 20% to 26.5%; EBITDA margin increased to 42.1%.
- **Net income** increased by CZK 3.2 bn to CZK 11.0 bn.
- We increase our full 2005 **net income forecast** from CZK 15.6 bn to CZK 16.1 bn.
- **ROE** increased by 34% y-o-y.
- On August 29 CEZ submitted bid to National Property fund to acquire is 56% stake in **Severoceske doly,** in line with exclusivity granted by the Czech Government.
- Performance of **acquisitions in Bulgaria** exceeds expectations.
- **VISION 2008** on track.
- Plans for **lignite plants portfolio renewal** – finalized.

CEZ STOCK HAS SIGNIFICANTLY OUT-PERFORMED THE CZECH MARKET AS WELL AS EUROPEAN UTILITIES

Prices of shares and share indices*
Percent



* Indexed to Jan 3, 2005
** As of August 30, 2005

EBIT INCREASED Y-O-Y BY 44 % TO CZK 16.1 bn, INCREASE OF CZK 4.9 bn

(in CZK millions)	1st half 2004	1st half 2005	Diff. 05-04	Index 05/04 (%)
Revenues	50,510	60,742	10,232	120.3
Sales of electricity	46,614	57,502	10,888	123.4
Heat sales and other revenues	3,896	3,240	-655	83.2
Operating expenses	39,301	44,642	5,341	113.6
Fuel	7,381	7,229	-152	97.9
Purchased power and related services	13,721	18,215	4,494	132.7
Repairs and maintenance	1,586	1,272	-313	80.3
Depreciation and amortization	9,021	9,472	451	105.0
Salaries and wages	4,378	4,835	457	110.4
Materials and supplies	1,678	1,467	-211	87.4
Other operating expenses	1,536	2,152	615	140.1
Income before other expense/income and income taxes	**11,209**	**16,100**	**4,891**	**143.6**

Main impacts

- higher margins
- more effective use of low cost plants
- repairs and maintenance costs decrease

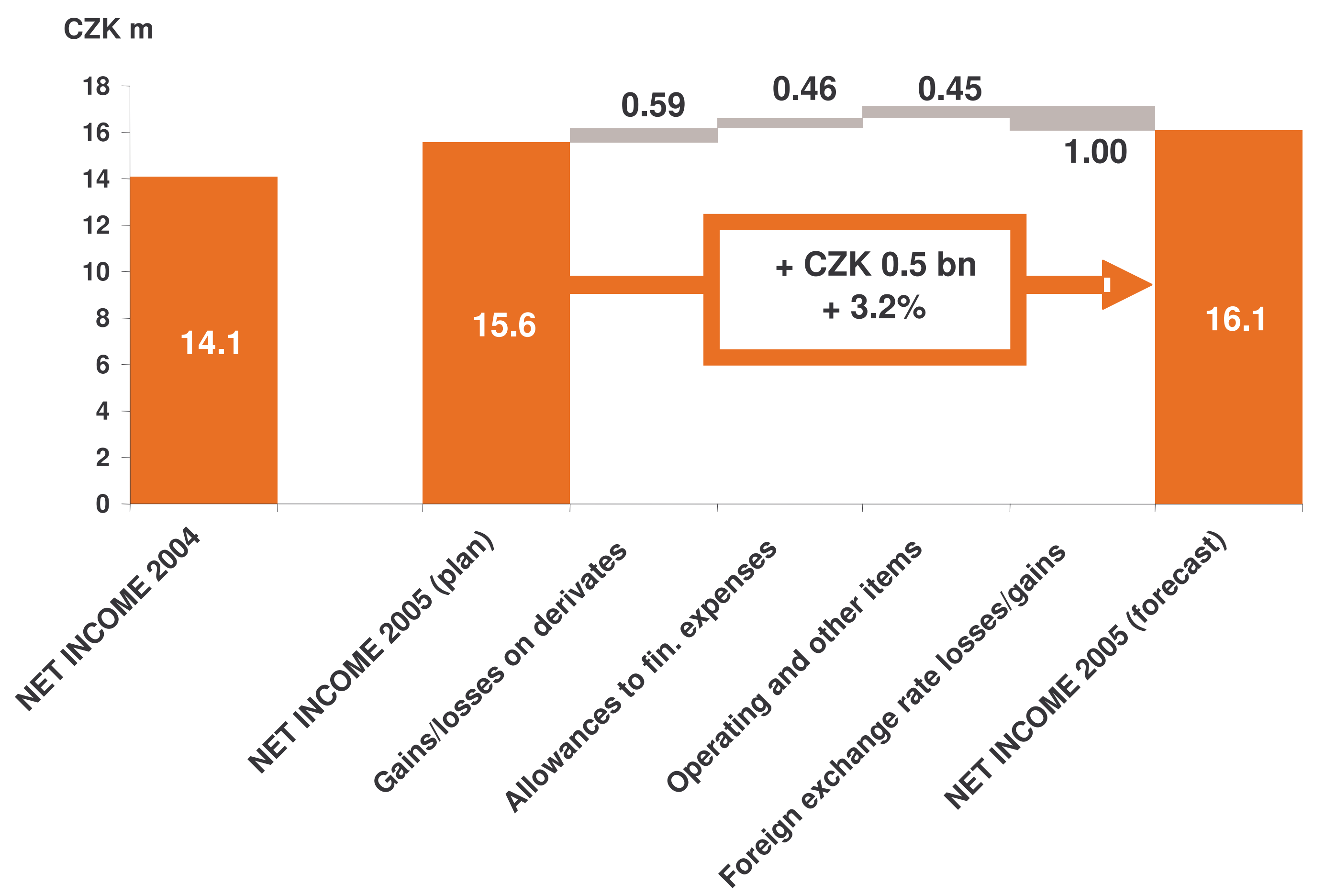
NET INCOME GREW YEAR-ON-YEAR BY 39 % TO CZK 11 bn (INCREASE OF CZK 3.1 bn)

(in CZK millions)	1st half 2004	1st half 2005	Diff. 05-04	Index 05/04 (%)
Income before other expense/income and income taxes	**11,209**	**16,100**	**4,891**	**143.6**
Other expenses/income	**1,063**	**2,273**	**1,210**	**213.9**
Interest on debt, net of capitalized interest	772	799	27	103.5
Interest on nuclear provisions	985	1,027	42	104.2
Interest income	-131	-172	-41	131.3
Foreign exchange rate losses/gains, net	166	651	485	391.7
Gain/loss on sale of subsidiary/associate		193	193	x
Other expenses/income, net	2	58	56	> 500,0
from which: dividends received	-224	-20	204	8.9
creation and settlement of allow.		-233	-233	x
Income from associates	-731	-283	449	38.7
Income before income taxes	**10,146**	**13,827**	**3,681**	**136.3**
Income taxes	2,235	2,853	619	127.7
Net income	**7,911**	**10,974**	**3,062**	**138.7**

Main non-operating impacts

+ 0.5 foreign exchange rate losses/gains, net
+ 0.4 income from associates
+ 0.2 dividends received

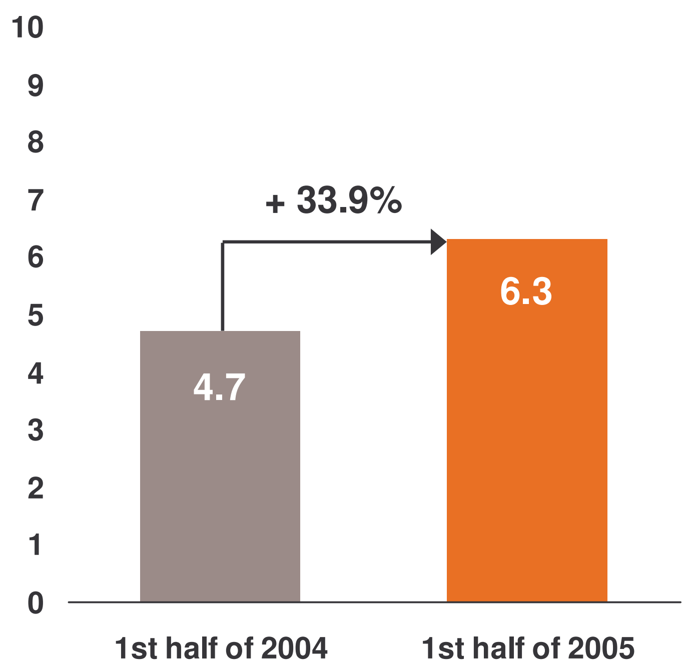
WE INCREASE OUR FULL 2005 NET INCOME FORECAST FROM CZK 15.6 bn TO CZK 16.1 bn



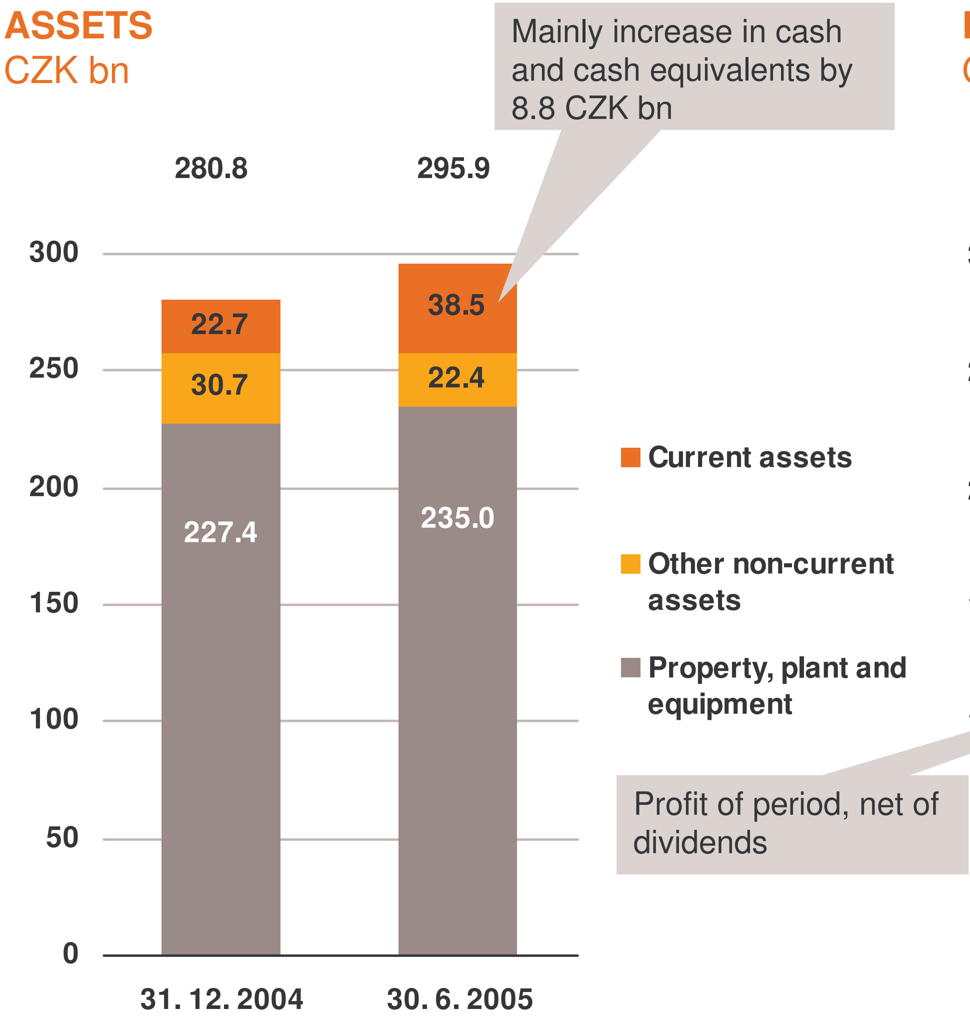
ROE INCREASED BY 34% YEAR-ON-YEAR

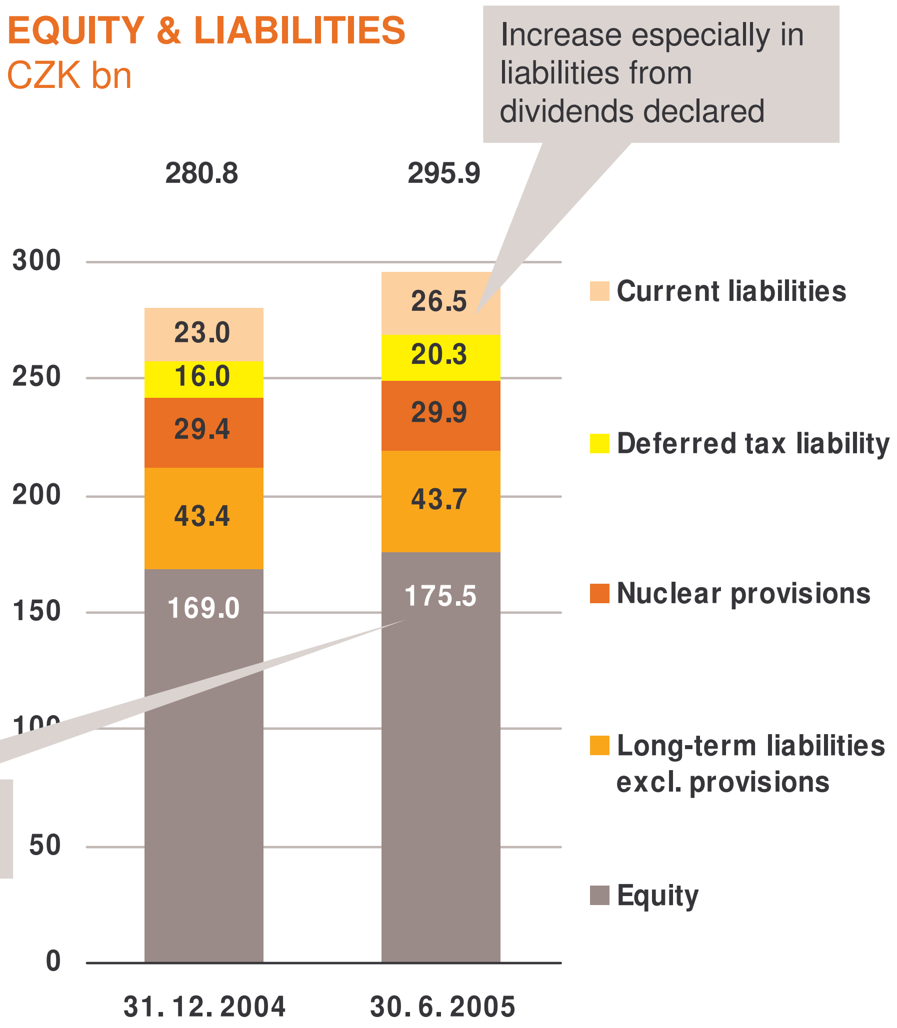
Return on Equity (net)

%

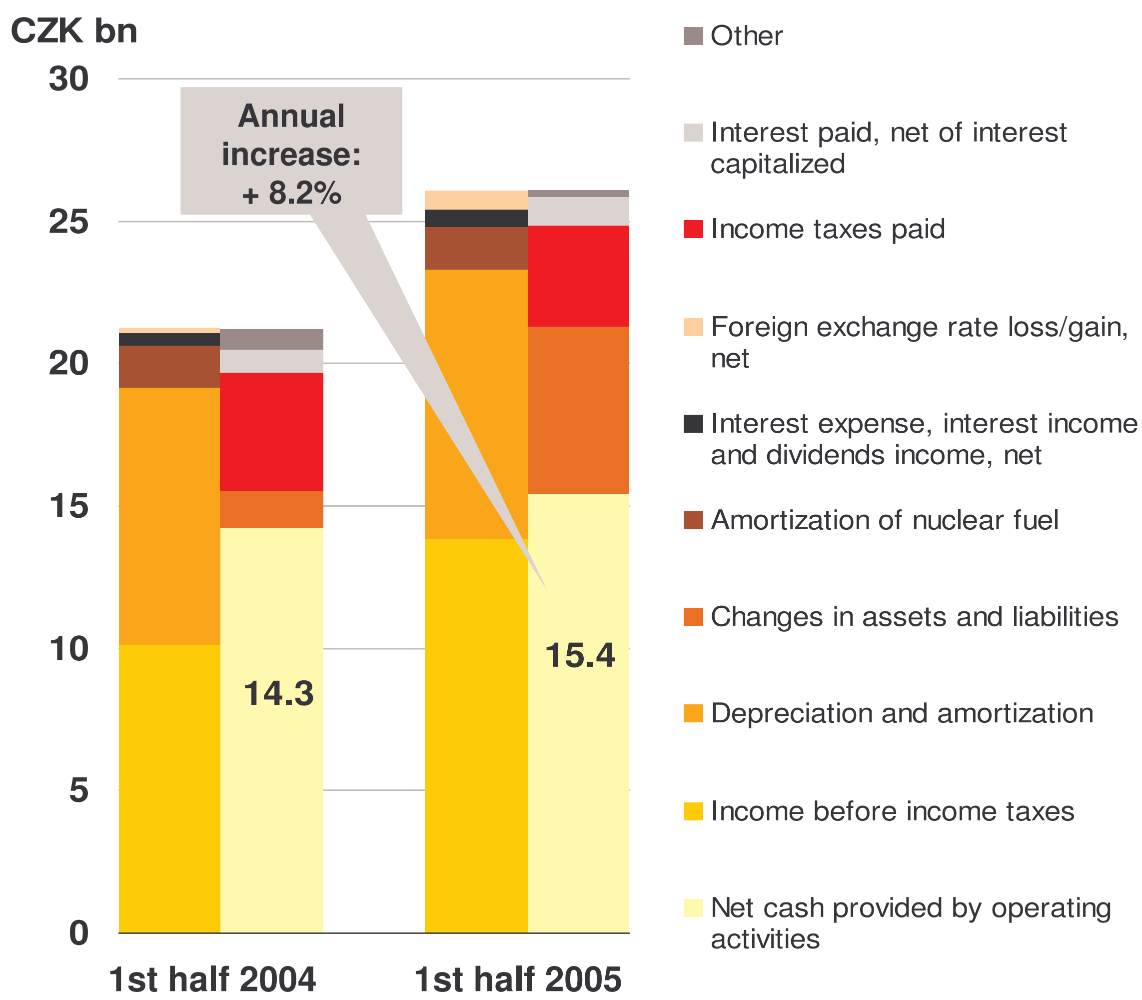


BALANCE SHEET REMAINS ROBUST



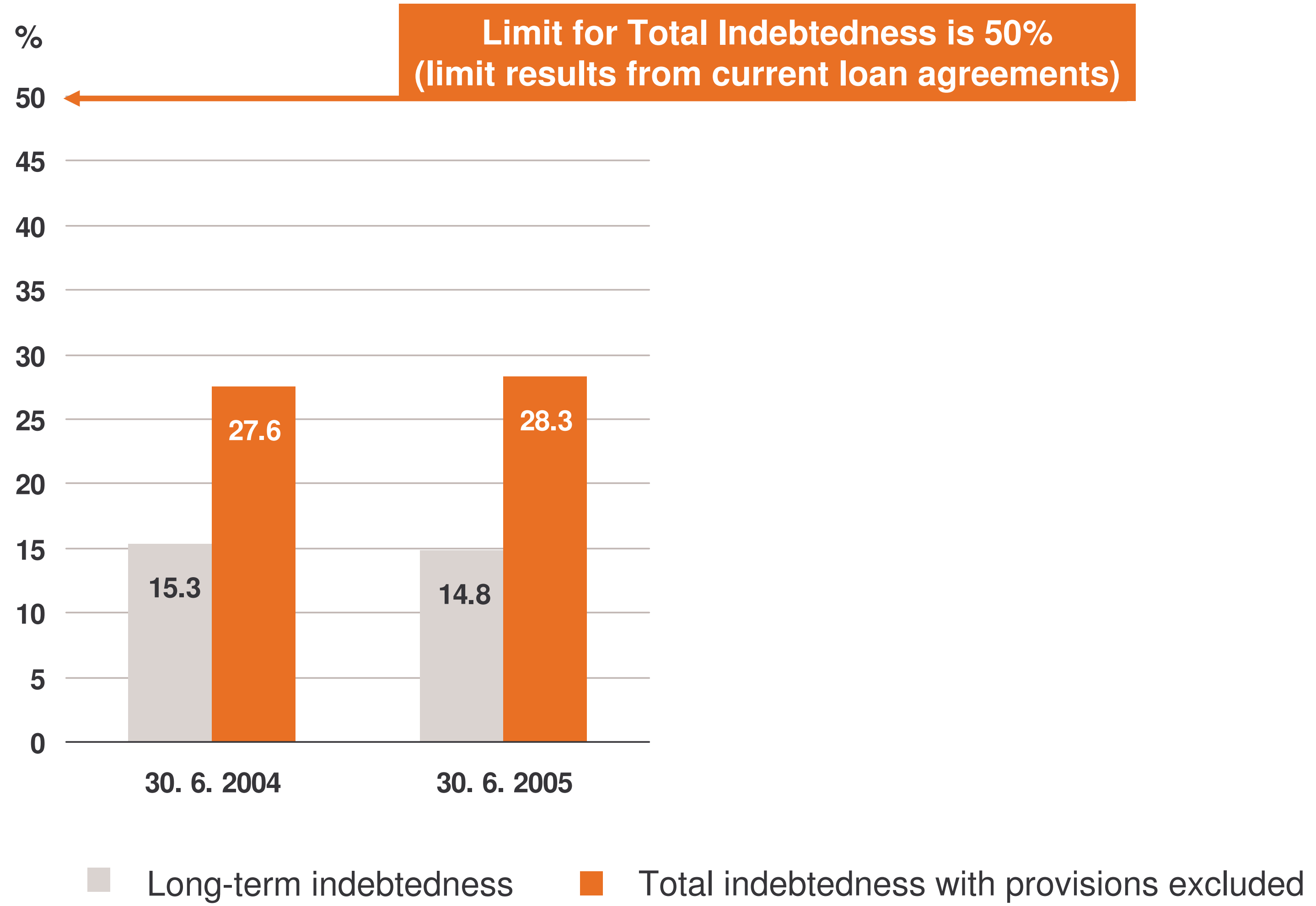


CASH FLOW FROM OPERATING ACTIVITIES INCREASED



Increase in cash flow from operating activities in the 1st half 2005 is mainly due to favourable development of the electricity sales.

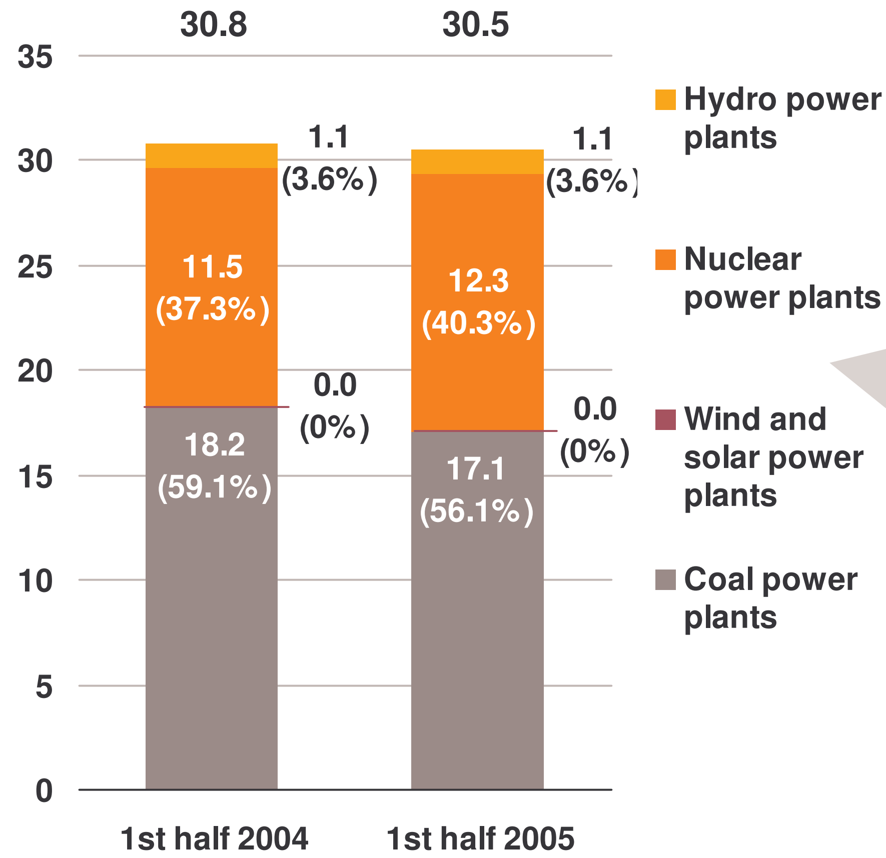
DEBT RATIOS REMAIN BEST IN THE BRANCH



ČEZ GROUP INCREASED UTILIZATION OF POWER PLANTS WITH LOWER COSTS

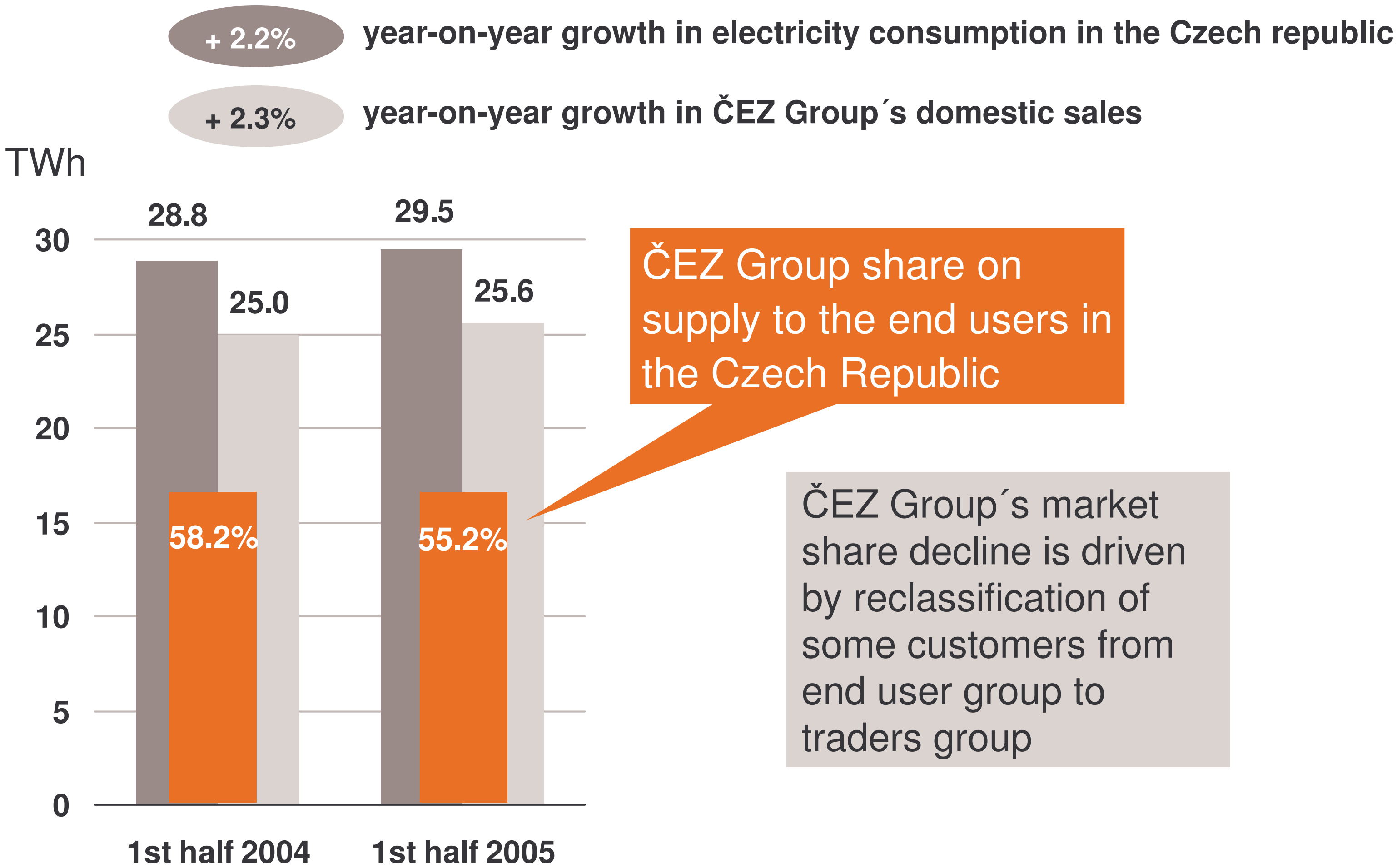
Gross electricity generation

TWh



- Hydro – favorable hydrological conditions, all power plants broken during flood in 2002 are now back in operation
- Nuclear – higher utilization of generation capacity will be compensated by lower output of Unit 2 in the second half of 2005 (high pressure part of turbine is broken)
- Coal – decrease of share in favor of nuclear power plants

ELECTRICITY CONSUMPTION IN THE CZECH REPUBLIC IS GROWING

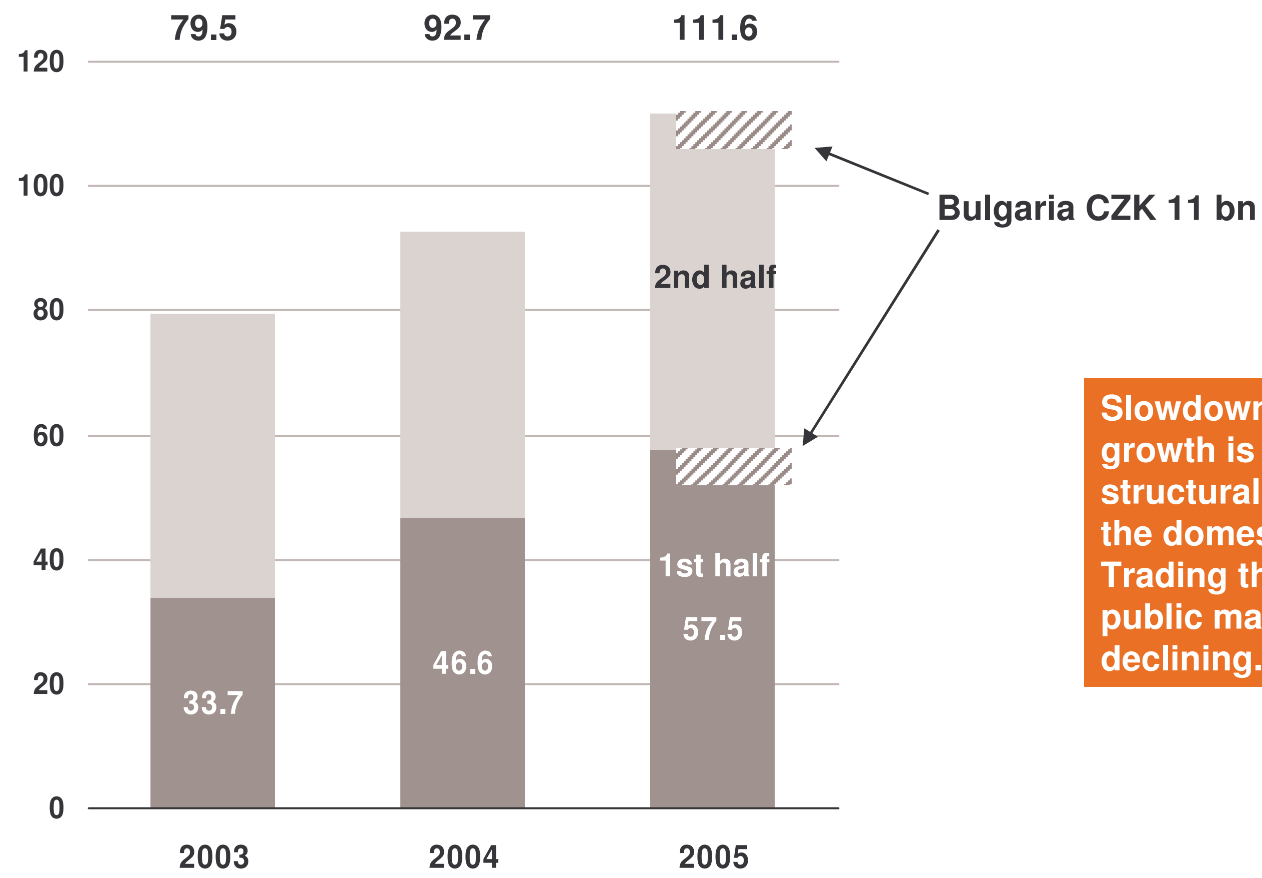


ČEZ Group´s market share decline is driven by reclassification of some customers from end user group to traders group

REVENUES FROM ELECTRICITY SALES INCREASE MAINLY DUE TO HIGHER PRICE

Electricity sales incl. auxilliary services

CZK bn

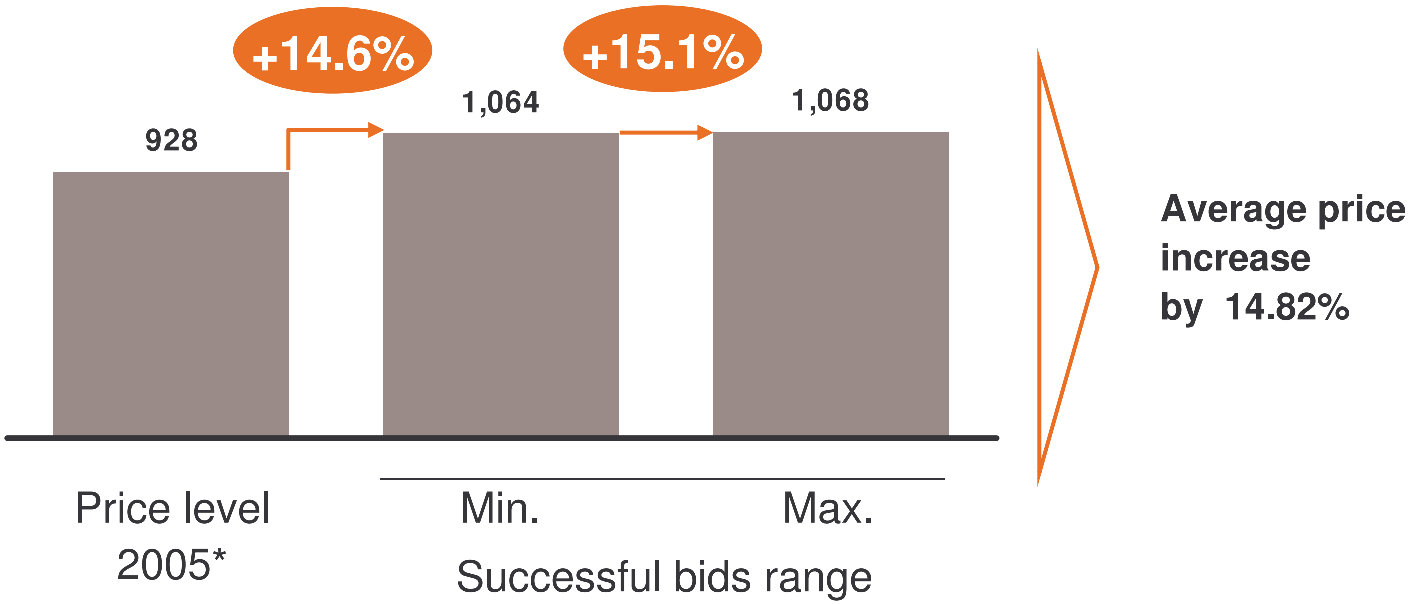


Slowdown in sales growth is caused by structural changes in the domestic market. Trading through public markets is declining.

VIRTUAL POWER PLANT AUCTION MET WITH HIGH DEMAND
FINAL PRICE 15.1% ABOVE 2005 LEVEL

- CEZ held Virtual Power Plant auction on August 3; the auction had been ordered by Antitrust Office in relation to acquisiton of shares in Severoceska energetika.
- The auctioned volume of electricity (c. 3.2 TWh in 2006) was more then five times oversubscribed; 16 companies took part.
- The final price was 15.1% higher then comparable product in 2005.

Prices in Virtual Power Plant auction (CZK/MWh)



* price according to standardised products related to particular off-take diagram

DOMESTIC WHOLESALE ELECTRICITY PRICES IN 2006 TO GROW BY 14.3%

- On August 12 – 22 CEZ held wholesale auction for electricity supplies in 2006.
- The auction has again met with high demand.
- The total electricity sales, including contracts that have been concluded through the Virtual Power Plant, has increased by 1.6 TWh i.e. 4.1 % on comparable basis last year.
- The total year-on-year increase in a price of demanded volume in a particular structure is 14.3 %, in line with the previous auction of the Virtual Power Plant.
- **2006 annual baseload, in CEZ terminology „yellow energy“, has been set at 1,041 CZK/MWh, 15.0% above 2005 level.**

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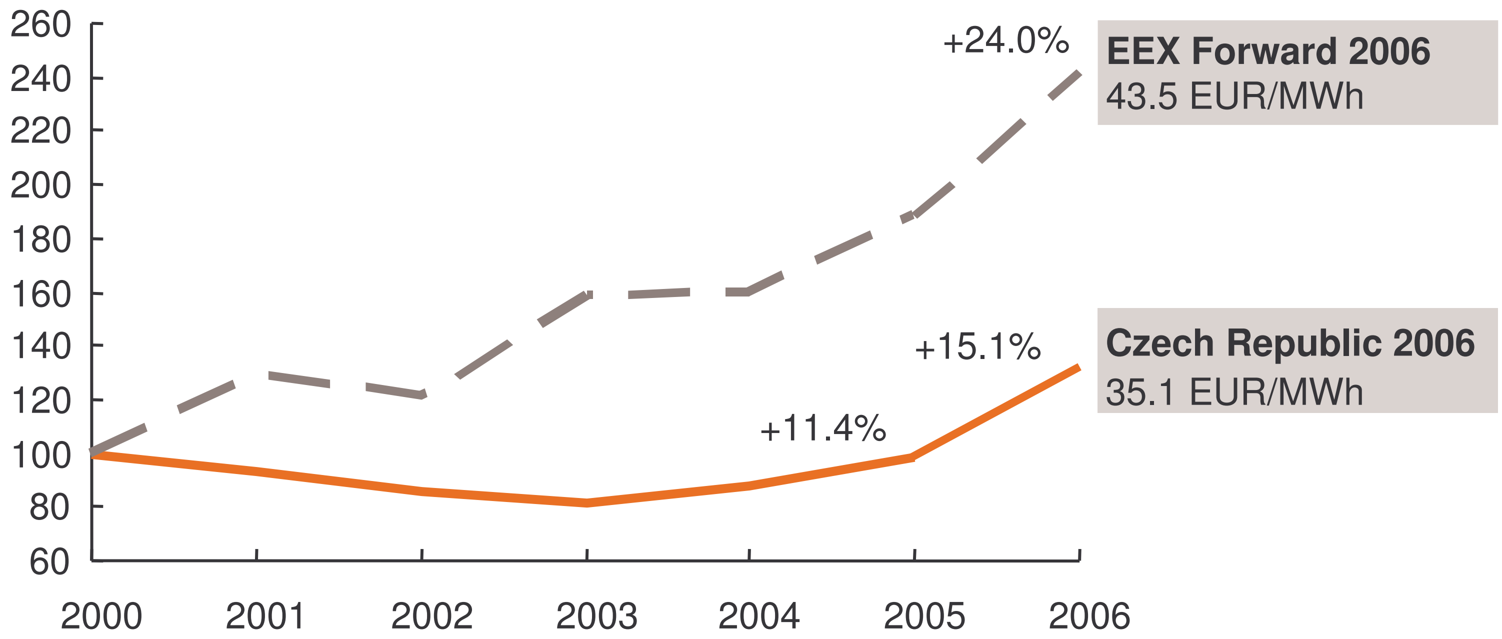
GAP BETWEEN ELECTRICITY PRICES IN THE CZECH REPUBLIC AND ABROAD LEAVES ROOM FOR FURTHER DOMESTIC PRICE INCREASE

Wholesale electricity prices (baseload)
2000 index



OVERVIEW OF KEY SUBSIDIARIES UNCONSOLIDATED H1 2005 RESULTS

ČEZ, a. s. and electricity distribution companies

Company Name	ČEZ	SČE	SME	STE	VČE	ZČE	ER Pleven	ER Sofia Oblast	ER Stolichno
Sales	33,770	6,207	7,708	6,726	6,421	4,408	1,570	1,573	2,863
EBIT	10,931	889	1,037	879	833	638	67	160	280
EBITDA	17,663	1,223	1,449	1,254	1,157	871	184	252	450
Net Profit	10,896	668	860	644	705	514	54	120	229

Other companies

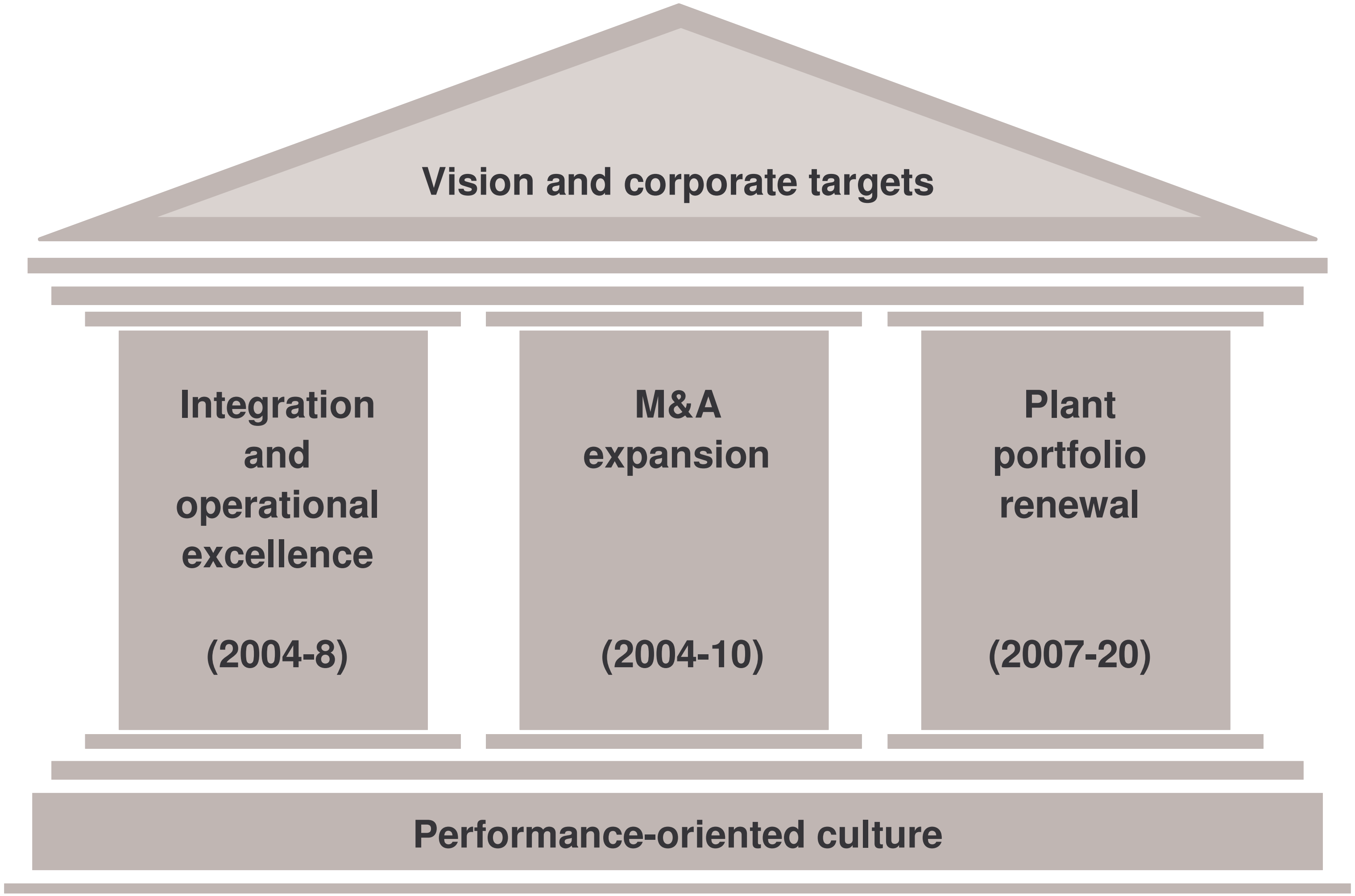
Company Name	ČEZ Zákaz. služby	ČEZData	ČEZnet	ČEZ Měření
Sales	150	698	561	84
EBIT	25	37	161	20
EBITDA	25	274	286	24
Net Profit	25	38	146	14

1st half 2005

CZK m

As of June 30, 2005 consolidated ČEZ Group consisted from 32 companies fully consolidated and 6 companies consolidated by equity method.

STRATEGIC INITIATIVES



STRATEGIC INITIATIVES - SUMMARY

Integration and operational excelence

- **Vision 2008 on track.**
- **Unbundling** to be implemented by the of **2005.**
- ČEZ, a. s. intends to **squeeze out** minority shareholders from four out of its five Czech distribution companies. Squeeze outs proceed as planned.

M&A expansion

- ČEZ, a. s. continues in its **M&A activities** in CEE countries.
- On August 19 CEZ submitted a bid for acquisition of **Dolna Odra** Power Plant.
- Performance of **Bulgarian distribution companies** above expectations.

Plant portfolio renewal

- **Supply of lignite** from Severočeské doly and Mostecká uhelná mining companies are secured by long-term agreements.
- In the period until 2020, ČEZ, a. s. plans to invest CZK 90 – 100 bn in **retrofitting existing power plants** and in **building new power plants**.
- On August 29 CEZ submitted to National Property Fund binding bid to acquire its 56% stake **Severoceske doly** mining company.

ACQUISITION TARGETS IN CENTRAL EUROPE

Poland

1.Privatization of **Zespół Elektrowni Dolna Odra SA** (power plants Dolna Odra, Pomorzany and Szczecin)

On August 19 CEZ submitted another bid in this transaction; the Polish government is expected to outline further procedure based on the bids submitted by the shortlisted investors.

Dolna Odra (up to 85%)	
Installed capacity (MW)	1 950
Sales (2004, TWh)	5.6
Sales (2004, EUR m)	290

2. Elektrownia “**Kozienice**“ SA (power plant Kozienice)

Initial offer on April 28, CEZ is on the short list, due diligence finished, more specific bid in preparation.

3. Acquisition of **ZE PAK** – electricity generating company Zespół Elektrowni Patnów – Adamów – Konin SA.
Acquisition negotiations are in progress.

ACQUISITION TARGETS IN SOUTHEAST EUROPE

Bulgaria

- **Generation**

  We placed bids for the power plants Varna and Russe. ČEZ´s bid was second behind the Russian company RAO in both cases. However, according to a decision of the Bulgarian Antitrust Office it is not possible to sell both power plants to one bidder and the situation remains open.

Romania

- **Generation**

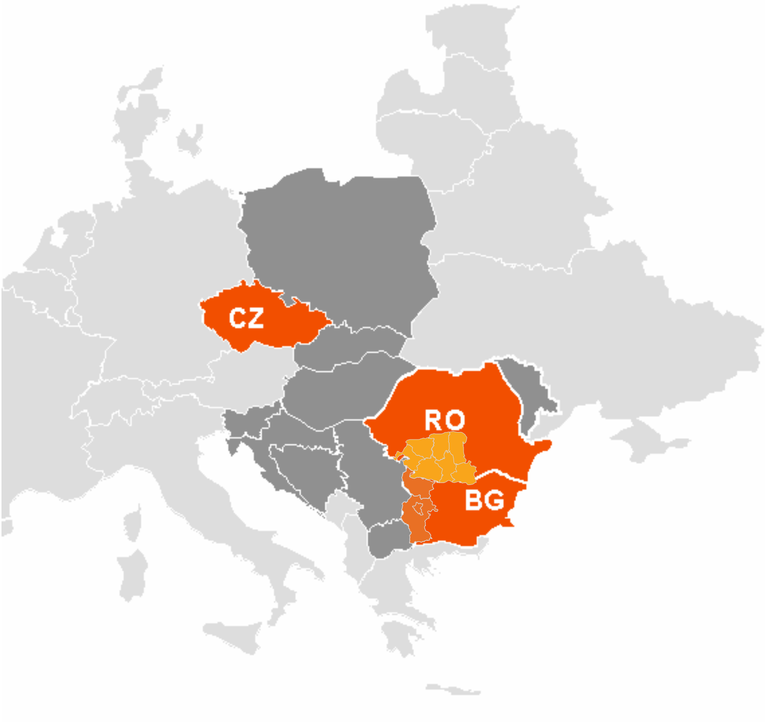
  Power plants and mines – Rovinari (1,320 MW), Turceni (2,310 MW) and Craiova (630 MW). Tender is to begin in the 2nd half of 2005.

- **Distribution**

  Distribution company Muntenia Sud. Tender formally announced on July 28.

THE ACQUISITION OF EDC OLTENIA IS ALMOST COMPLETE AND INTEGRATION HAS STARTED

Acquisition of distribution in Romania
51% share in EDC Oltenia*, adjacent to the Bulgarian EDCs



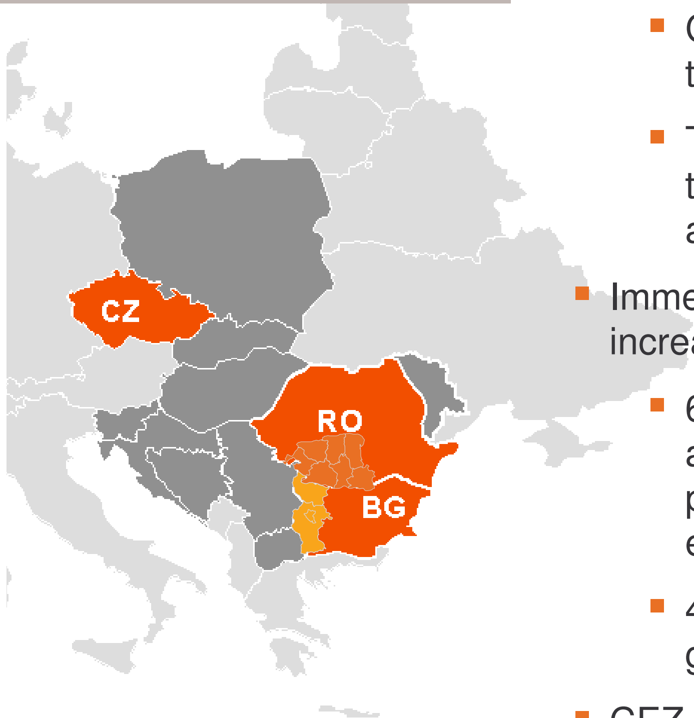
Status

- CEZ Group selected as a tender winner
- SPA signed; settlement expected in 9/2005
- Strong CEZ management team on the ground combining internal professionals with managers from outside the Group and Romanian experts
- The team currently in the role of observer, consulted on key issues by local management

* 25% share purchase, remainder equity contribution

THE INTEGRATION OF THE BULGARIAN EDCs IS PROGRESSING FASTER THAN EXPECTED

Acquisition of distribution in Bulgaria
67% in three EDC



Status

- Control gained faster than expected thanks to tight project management
  - Corporate governance changes to secure control over all three EDCs
  - Team of 3 observers quickly extended to international team of 20 professionals covering all important business areas
- Immediate initiation of key projects to improve financials and increase comfort with the acquisition's performance
  - 6 projects targeting quick improvements in key business areas such as regulatory management, purchasing, planning and standardization of investment and sales to eligible customers
  - 4 support projects deal with finance, corporate governance, organization and communication
- CEZ is now well positioned to proceed with management process redesign, unbundling and eventually consolidation of the three EDCs to benefit from best practices implementation.

FAST INTEGRATION BRINGS EARLY RESULTS

- Energy losses were reduced by ~10% in all three EDCs during the first half of 2005
- Coordination of selected activities among EDCs already delivered first cost savings
- All three EDCs adopted international accounting standards
- CEZ is the only one of all distribution companies that obtained trading license in line with legal deadlines
- ČEZ implemented unified organizational structure across all three EDCs
- Tariff application requesting a price increase was submitted to the regulator, however, post-election uncertainty in Bulgaria can delay the regulator's decision

Selected financials – IFRS
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Name	EDC Stolichno		EDC Sofia Oblast		EDC Pleven		Sum	
	H1 2005	H1 2004	H1 2005	H1 2004	H1 2005	H1 2004	H1 2005	H1 2004
Sales	2,863	2,579	1,573	1,505	1,570	1,496	6,006	5,580
EBITDA	450	342	252	202	184	162	886	706
EBIT	280	155	160	133	67	63	507	351
Net Profit	229	121	120	104	54	47	403	272

Note: The figures above do not contain some intra group accrual items