

ČEZ Group Brief Report on Operational, Economic, and Financial Results January – September 2004

Main Features

- ČEZ Group turnover totaled CZK 73.1 bn, which is CZK 15.0 bn higher than in the period January - September 2003 mainly due to an enlargement of the Group.
- ČEZ Group gross electricity generation amounted to 45.9 TWh; the bulk of this figure consisted of generation in fossil power stations (55.7%) and in nuclear power stations (41.2%). ČEZ Group power plants covered 74.2% of overall generation in the Czech Republic, the same figure as in the period January – September 2003.
- ČEZ, a. s. signed an agreement with Government of Bulgaria on 19th November on the purchase of 67% shares in three Bulgarian electricity distribution companies.
- ČEZ, a. s. bid for two electricity distribution companies in Romania.
- ČEZ sold a 34% stake in ČEPS, a. s. (transmission grid operator) and Pražská energetika, a. s. in accordance with the Antitrust Office decision of 2003.
- Both Temelín generating units received State Office for Nuclear Safety permission to operate. This marked the official end of trial operation period.
- ČEZ share price on the Prague Stock Exchange in January – September 2004 increased by CZK 114 (by 78%), continuing in its growth trend.
- Electricity sales for 2005 began in the domestic market. The prices at which ČEZ offered its wholesale products were lower than those available in the European market.
- As of October 22, Mr. Jiří Borovec joined the Board of Directors to replace Mr. Jiří Vágner and, as of November, Mr. Jiří Borovec was also appointed director of the newly established Generation Division.

Prague, November 24, 2004

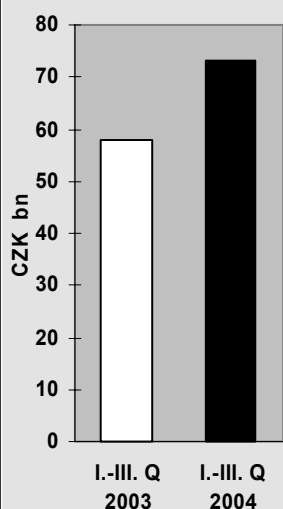
Income Statement in Accordance with International Financial Reporting Standards

	September 30, 2004		September 30, 2003	Index 04/03
	CZK m	EUR m	CZK m	
Operating revenues	73,061	2,308	58,019	125.9%
Operating expenses	57,931	1,830	48,722	118.9%
Fuel	10,688	338	10,626	100.6%
Purchased power and related services	19,356	611	13,231	146.3%
Depreciation and amortization	13,534	427	11,929	113.5%
Operating income	15,130	478	9,297	162.7%
Other expenses (income)	889	28	592	150.2%
Income before income taxes	14,241	450	8,705	163.6%
Income taxes	3,135	99	2,494	125.7%
Minority interests	902	28	91	991.2%
Net income	10,204	322	6,120	166.7%

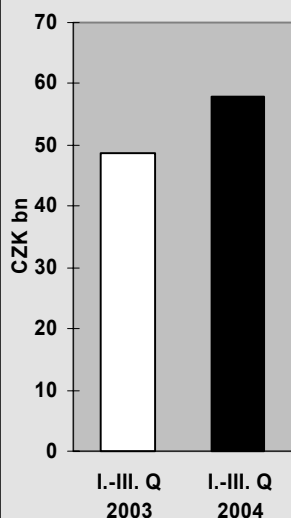
	Unit	September 30, 2004	September 30, 2003	Index 04/03
Earnings per share (EPS)	CZK	17.2	10.3	167.0%
Price earnings ratio (P/E) *		15.3	9.9	154.5%
Return on equity (ROE) net *	%	6.5	5.5	118.2%
Return on total assets (ROA) net *	%	3.6	3.2	112.5%
Assets turnover *		0.36	0.29	124.1%
Total indebtedness (provisions excluded)	%	26.2	30.9	84.8%
Long-term indebtedness	%	15.0	11.6	129.3%

*/ for the last 12 months

Operating Revenues



Operating Expenses



Revenues, Expenses, Income

The reported figures are influenced significantly by the change in ČEZ Group structure. In addition to ČEZ, a. s. itself, the Group currently consists of 23 fully consolidated companies and 7 companies consolidated by the equity method. The figures for January – September 2003 were significantly impacted by the acquisition of majority equity stakes in five electricity distribution companies effective 1 April 2003. As of the same date, a majority stake in ČEPS was sold, while the rest of share in ČEPS was sold this year. For further details see www.skupina-cez.cz/eng.

ČEZ Group turnover totaled CZK 73.1 bn, which is CZK 15.0 bn (25.9%) higher than in the same period of 2003, mainly due to enlargement of the Group from 1 April 2003 (figures include sales of electricity by distributors to final consumers). **Operating expenses** increased by CZK 9.2 bn (18.9%) to CZK 57.9 bn, which drove up energy purchases by CZK 6.1 bn (46.3%), depreciation and amortization by CZK 1.6 bn (13.5%) and labor costs by CZK 1.1 bn (19.8%). Growth of expenses is mainly a result of the Group's enlargement (distribution companies' activities were included in 2nd and 3rd quarter 2003 only). **Other expenses** amounted to CZK 0.9 bn, up CZK 0.3 bn from the same period last year mainly due to a CZK 1.2 bn decrease in foreign exchange rate gains and an increase in interest on nuclear provisions by CZK 0.3 bn. On the other hand, other expenses were reduced by increased overall net gains realized on derivatives (by CZK 0.8 bn) and income from associates (by CZK 0.4 bn). **Income taxes** (CZK 3.1 bn) rose by CZK 0.6 bn (25.7%) due to the increase in gross profit. **Net income**, at CZK 10.2 bn, increased by CZK 4.1 bn (66.7%) in comparison with the same period last year, as a result of jumps in EBIT and EBT by CZK 5.8 bn and CZK 5.5 bn, respectively, as well as higher influence of minority interests (by CZK 0.8 bn).

Earnings per share went up from CZK 10.3 to CZK 17.2, in line with the increase in net income. The **price/earnings ratio** went up by 54.5% from 9.9 to 15.3, reflecting the faster pace of growth in ČEZ's share price (up 92.4%) than in net income for the last 12 months (up 25%). Profitability indicators continued at favorable levels - the **net return on equity** increased from 5.5% to 6.5% thanks to net income for the last 12 months rising faster than shareholders' equity (by 5.5%), and the **net return on total assets** increased from 3.2% to 3.6% as a result of the already mentioned higher net income, which prevailed over the increase in the average value of total assets (by 10.4%). **Assets turnover** for the last 12 months rose from 0.29 to 0.36 due to sharp growth in operating revenues (relating to Group enlargement) (by 34.8%), which was higher than the increase in the average value of total assets. **Total indebtedness (provisions excluded)** decreased from 30.9% to 26.2%, mostly as an result of repayment of bills of exchange. On the other hand, **long-term indebtedness** increased from 11.6% to 15.0% following the new issue of eurobonds.

Sales of Electricity

ČEZ Group total electricity sales reached 48,431 GWh (CZK 43.8 bn). 39,899 GWh was sold in the domestic market. These figures are not comparable with the previous period (January - September 2003) because of the changes in the ČEZ Group structure. In the first quarter of 2003, only two Group members sold electricity. Starting on 1 April 2003 the Group was enlarged to eight companies, and in the third quarter to ten companies. From January to September 2004 ten companies contributed to the total electricity sales. Additionally, this year's domestic sales include 4,027 GWh that was exported through third parties. This is due

to the new ban on sale (delivery) to multiple buyers (recipients) by a single entity over a given cross-border transmission profile. Total export of electricity in the period January - September 2004 was 12,559 GWh, of which direct export accounted for 8,532 GWh. The year-on-year decrease in export is 1,281 GWh (9.3%). The total amount of imported electricity was 136 GWh compared to 409 GWh in the same period of the previous year.

ČEZ Group gross electricity generation amounted to 45,863 GWh in the period January - September 2004, which represents year-on-year growth of 874 GWh (1.9%). Generation in nuclear and hydro power plants increased by 424 GWh (2.3%) and 501 GWh (54.6%), respectively, while generation in fossil power plants decreased slightly (by 52 GWh, or 0.2%).

ČEZ Group **final customer market share** (i.e. share in total supplies to final customers) increased in year-on-year comparison from 57.0% to 58.2%.

Demand for electricity in the Czech Republic, amounting to 41.0 TWh, increased year-on-year by 3.3%. After recalculation based on long-term average temperature the increase is only 3.1%. Industrial consumption increased by 982 GWh (3.9%). Household consumption increased by 171 GWh (1.7%) and small business consumption rose by 153 GWh (2.8%).

Investment Program and Financing

Net cash provided by operating activities decreased by CZK 3.0 bn (11.8%) to CZK 22.5 bn. Positive factors included mainly an increase in income before income taxes by CZK 5.5 bn, as well as higher depreciation and amortization (by CZK 1.6 bn). On the other hand, foreign exchange gain was down CZK 1.1 bn, income taxes increased by CZK 5.4 bn, and trade and other payables fell by CZK 3.9 bn.

Total cash used in investing activities decreased to CZK 11.4 bn (50.0%). Cash used for acquisitions decreased by CZK 20.2 bn, additions to property, plant and equipment and other non-current assets decreased by CZK 6.8 bn, but unlike the previous year there were no proceeds from disposal of a subsidiary this year (decrease by CZK 12.2 bn) and proceeds of fixed assets decreased by CZK 3.9 bn.

Instead of last year's CZK 4.9 bn of cash used in financing activities, ČEZ, a. s. is now reporting total cash provided by financing activities (CZK 65 m), mainly due to payments of borrowings, which decreased by CZK 9.2 bn while, on the other side, proceeds from borrowings decreased by CZK 2.0 bn in the context of the latest bond issue and dividends paid to group shareholders were higher by CZK 2.1 bn.

Current credit rating for ČEZ:

from Moody's - 'Baa1' with a stable outlook,
from Standard & Poor's - 'BBB+' with a stable outlook

Other information

ČEZ, a. s. concluded an agreement with Ministry of Finance of the Czech Republic on sale of its 34% share in transmission grid operator ČEPS, a.s. This agreement is in accordance with the Czech Government's resolution of July 2004. An agreement on sale of a 34% share in Pražská energetika, a.s. was concluded in August. ČEZ, a. s. was forced to sell its share in ČEPS, a.s. and Pražská energetika, a.s. by an Antitrust Office decision issued in March 2003.

ČEZ, a. s. bought shares of SČE and SME from one of their significant shareholders through an option in the late October (not included in these results). This transaction increased ČEZ's shareholdings in these companies to 56.93% and 89.36%, respectively.

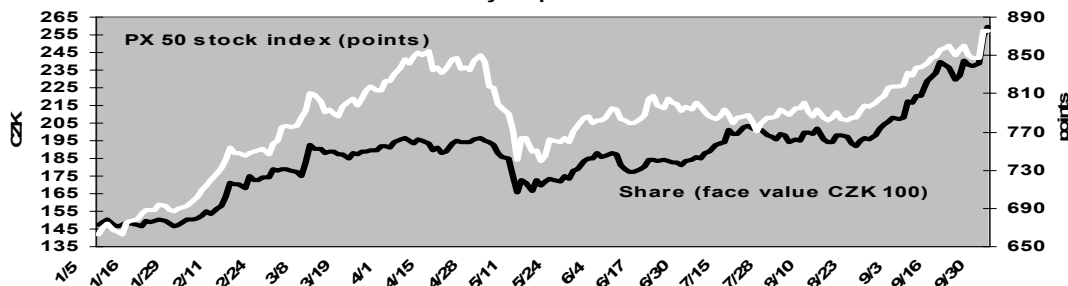
ČEZ, a. s. concluded an agreement with the Government of Bulgaria on 19th November on the purchase of 67% stakes in three Bulgarian electricity distribution companies for EUR 281.5 m. The companies' names are Electrozpredelenie Stolichno, Sofia – District and Pleven and their distribution area encompasses West Bulgaria including the capital, Sofia. ČEZ a. s. paid one fifth of the purchase price immediately after the signature, the rest after finalization of the deal.

In October, ČEZ, a. s. bid for two electricity distribution companies in Romania – Electrica Oltenia and Electrica Moldova – after a due diligence process. We expect the Romanian Government to select the winner in late November.

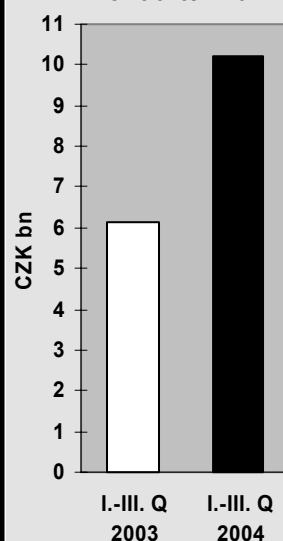
ČEZ, a. s. bid for a 66% stake in the dominant electricity producer in Slovakia – the state-owned Slovenské elektrárne, a.s. In September, we entered a modified bid according to the seller's requirements. The Government of Slovakia called on Italian competitor to prepare transaction documents and to submit an investment plan by the first half of 2005. ČEZ placed as second in the tender.

ČEZ, a. s. analyzed demand for the products offered for the year 2005 and concluded that it is able to sell for lower wholesale prices than previously intended. ČEZ's prices increased by only 11%, which is half the increase seen in Western Europe and the rest of Central Europe.

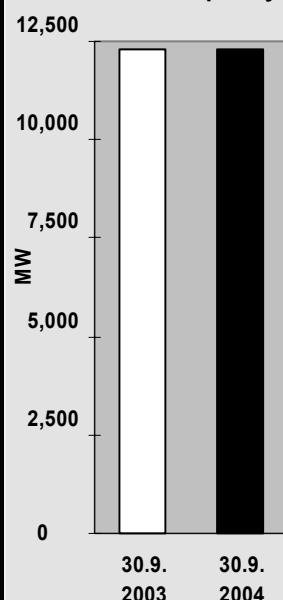
ČEZ Share Price on Prague Stock Exchange
and comparison with PX 50 stock index
January-September 2004



Profit after Tax



Installed capacity



List of abbreviations

- JČE = Jihočeská energetika, a.s.
- JME = Jihomoravská energetika, a.s.
- PRE = Pražská energetika, a.s.
- SČE = Severočeská energetika, a.s.
- SME = Severomoravská energetika, a.s.
- STE = Středočeská energetická a.s.
- VČE = Východočeská energetika, a.s.
- ZČE = Západočeská energetika, a.s.

Income Statement	7 - 9 /	1 - 9 /	7 - 9 /	1 - 9 /
<i>in accordance with International Financial Reporting Standards (IFRS) (CZK m)</i>	<i>2004</i>	<i>2004</i>	<i>2003</i>	<i>2003</i>
Operating revenues	22,551	73,061	22,279	58,019
Sales of electricity	21,149	67,763	21,266	54,928
Heat sales and other revenues	1,402	5,298	1,013	3,091
Operating expenses	18,630	57,931	19,452	48,722
Fuel	3,307	10,688	3,339	10,626
Purchased power and related services	5,635	19,356	6,331	13,231
Repairs and maintenance	1,180	2,766	1,312	2,583
Depreciation and amortization	4,513	13,534	4,473	11,929
Salaries and wages	2,156	6,534	2,204	5,453
Materials and supplies	932	2,610	1,120	2,422
Other operating expenses	907	2,443	673	2,478
Income before other expenses/income and income taxes	3,921	15,130	2,827	9,297
Other expenses/income	-174	889	233	592
Interest on debt, net of capitalized interest	510	1,282	565	1,205
Interest on nuclear provisions	493	1,478	418	1,253
Interest income	-89	-220	-94	-260
Foreign exchange rate losses/gains, net	-277	-111	-76	-1,266
Gain on sale of subsidiary				
Other expenses/income, net	-610	-608	-528	172
Income from associates	-201	-932	-52	-512
Income before income taxes	4,095	14,241	2,594	8,705
Income taxes	900	3,135	927	2,494
Income after income taxes	3,195	11,106	1,667	6,211
Minority interests	279	902	158	91
Net income	2,916	10,204	1,509	6,120
Cash Flow Statement		1 - 9 /		1 - 9 /
<i>in accordance with International Financial Reporting Standards (IFRS) (CZK m)</i>		<i>2004</i>		<i>2003</i>
Cash and cash equivalents at beginning of period		4,014		4,225
Effect of change in group structure on opening balance of cash and cash equivalents				159
Operating activities:		22,548		25,569
- Income before income taxes		14,241		8,705
- Depreciation and amortization and asset write-offs		13,549		11,933
- Amortization of nuclear fuel		2,409		2,506
- Foreign exchange rate loss (gain)		-111		-1,266
- Provision for nuclear decommissioning and fuel storage		500		299
- Changes in assets and liabilities		-1,054		3,538
- Income taxes paid		-5,440		-66
Investing activities		-11,402		-22,815
Financing activities		65		-4,913
Net effect of currency translation on cash		83		-38
Cash and cash equivalents at end of period		15,308		2,187
		1 - 9 /		1 - 9 /
		2004		2003
ČEZ Group electricity supplied from power plants (GWh)		42,415		x
Electricity sold by ČEZ Group in the Czech Republic (GWh)		35,872		x
ČEZ Group electricity exports (GWh)		12,559		13,840
ČEZ Group electricity imports (GWh)		136		409
Capacity, Employees		Sept 30		Dec 31
		2004		2003
ČEZ Group installed capacity (MW)		12,297		12,297
ČEZ Group number of employees (pers)		17,998		18,100

This report has not been audited.

Balance Sheet	Sept 30	Dec 31			
<i>in accordance with International Financial Reporting Standards (IFRS) (CZK m)</i>	<i>2004</i>	<i>2003</i>			
Assets	280,849	274,143			
Fixed assets	245,382	254,443			
Plant in service	366,289	363,165			
Less accumulated provision for depreciation	162,633	150,426			
Net plant in service	203,656	212,739			
Nuclear fuel, at amortized cost	8,307	9,574			
Construction work in progress	12,286	10,204			
Investment in associates	7,661	10,999			
Investments and other financial assets, net	11,342	8,642			
Intangible assets, net	1,927	1,997			
Deferred tax assets	203	288			
Current assets	35,467	19,700			
Cash and cash equivalents	15,308	4,014			
Receivables, net	7,344	7,063			
Income tax receivable	1,896	103			
Materials and supplies, net	3,995	3,242			
Fossil fuel stock	836	979			
Other current assets	6,088	4,299			
Shareholders' equity and liabilities	280,849	274,143			
Shareholders' equity	157,700	149,687			
Stated capital	59,219	59,152			
Retained earnings and other reserves	98,481	90,535			
Minority interests	8,911	7,893			
Long-term liabilities	70,914	59,486			
Long-term debt, net of current portion	41,683	30,965			
Accumulated provision for nuclear decommissioning and fuel storage	28,747	28,164			
Other long-term liabilities	484	357			
Deferred taxes liability	18,301	14,721			
Current liabilities	25,023	42,356			
Short-term loans	212	2,320			
Current portion of long-term debt	2,220	5,691			
Trade and other payables	10,632	20,578			
Income tax payable		3,203			
Accrued liabilities	11,959	10,564			
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				638	638
January 1, 2003, as restated	59,041			85,272	144,313
Net Income for period 1-9/2003				6,120	6,120
Dividends declared				-2,657	-2,657
Returned dividends on treasury shares				4	4
Sale of treasury shares	97			-4	93
Share on equity movements of associates				-9	-9
Change in fair value of available-for-sale financial assets recognized in equity			-52		-52
Gain on sale of subsidiary ČEPS, net of tax				7,162	7,162
Effect of acquisition of REAS on equity				-4,859	-4,859
Other movements		1		-14	-13
September 30, 2003	59,138	1	-52	91,015	150,102
December 31, 2003	59,152	1	-81	90,615	149,687
Net Income for period 1-9/2004				10,204	10,204
Dividends declared				-4,738	-4,738
Gain on sale of subsidiary ČEPS, net of tax				2,218	2,218
Effect of acquisition of ŠKODA PRAHA on equity				404	404
Available-for-sale financial assets removed from equity to P&L			50		50
Acquisition of treasury shares	-442				-442
Sale of treasury shares	509			-202	307
Share on equity movements of associates				23	23
Other movements		-1		-12	-13
September 30, 2004	59,219		-31	98,512	157,700