

CEZ GROUP BRIEF REPORT FOR Q1 2009

NON-AUDITED, CONSOLIDATED RESULTS PREPARED USING IFRS PRINCIPLES

Highlights

Prague, 13 May 2009

- Net income totaled CZK 19.4 billion, up CZK 3.7 billion (+23.3%) from the same period one year before.
- EBITDA rose by CZK 3.1 billion (+11.6%) to CZK 30.2 billion.
- ČEZ, a. s. signed an agreement on purchase of a majority stake in a sole Albanian distribution company.

Key Figures	Units	As of March 31, or 3 months ended March 31, 2009	As of March 31, or 3 months ended March 31, 2008	Index 09/08
Generation of electricity (gross)	GWh	18,506	18,979	97.5%
Installed capacity	MW	14,288	14,288	100.0%
Sales of electricity ^{*)}	GWh	20,623	21,185	97.3%
Sales of heat	TJ	6,187	5,719	108.2%
Revenues	CZK millions	53,303	48,605	109.7%
Operating expenses (excl. depreciation & amortization)	CZK millions	-23,076	-21,520	107.2%
EBITDA	CZK millions	30,227	27,085	111.6%
Depreciation and amortization	CZK millions	-5,430	-5,525	98.3%
Operating income (EBIT)	CZK millions	24,797	21,560	115.0%
Net income	CZK millions	19,385	15,726	123.3%
Return on equity (ROE), net ^{**)}	%	27.4	23.0	119.2%
Price/earnings ratio (P/E) ^{**)}	1	7.8	14.7	53.1%
Net debt / EBITDA ^{**)}	1	0.7	0.9	86.4%
Total debt / total capital	%	35.8	30.9	115.7%
Capital expenditure (CAPEX)	CZK millions	-6,754	-6,526	103.5%
Investments incl. loans made ^{***)}	CZK millions	-3,378	-15,709	>200%
Operating cash flows	CZK millions	19,784	21,890	90.4%
Employee head count	persons	27,168	29,303	92.7%

^{*)} sales to end customers + sales to cover grid losses + wholesale surplus/deficit

^{**) 12 month sliding}

^{***)} acquisitions of subsidiaries, associates, and joint ventures net of cash acquired + balance of lendings

Revenues, Expenses, Income

CEZ Group net income was up CZK 3.7 billion (+23.3%) from the same period one year before and EBITDA rose by CZK 3.1 billion (+11.6%). The main factor was a CZK 2.8 billion increase in the gross margin. Electricity revenues swelled on a large volume contracted in 2008 and earlier. Fuel expenses, on the other hand, were higher due to coal price growth. Gains on emission allowances increased by CZK 1.1 billion on the reversal of a provision set up at year end 2008 for missing allowances (CZK 0.9 billion), among other factors.

The financing result is up CZK 0.9 billion year-on-year. Here, the main factors were a CZK 1.1 billion gain on revaluation of a derivative linked to the investment in MOL and a CZK 0.2 billion increase in interest income. Interest expenses, on the other hand, grew slightly (by CZK 0.2 billion) due to higher overall indebtedness.

Income tax is up CZK 0.5 billion year-on-year, due to the higher income in 2009.

Cash Flows

Despite increased revenues in 2009, **net cash provided by operating activities** is down CZK 2.1 billion. The reason for this development is an increase in the adjustment for non-cash transactions – growth in working capital. Cash used in **investing activity** declined by CZK 13.3 billion year-on-year, primarily on a one-off investment in MOL in 2008 (CZK 15.5 billion). Additions to property, plant and equipment, on the other hand, were higher in 2009 (by CZK -3.4 billion).

Cash flows from **financing activity** are down CZK 4.1 billion. The main reason is a CZK 11.9 billion year-on-year decrease in the balance of loan drawdowns and repayments. Share repurchases in 2008 had a CZK 8.0 billion impact on cash flows from financing activity.

Capital Expenditures

During Q1 2009, CEZ Group posted capital expenditures totaling CZK 8.5 billion.

CZK 1.0 billion went on renewing existing plants and building new generating units.

At Tušimice II Power Station (4x200 MW), we began commissioning unit B23: the boiler was boiled out and underwent a pressure test, and cleaning procedures were carried out.

At Pruněvov II Power Station (3x250 MW), a building permit application was filed for the first phase of provisional arrangements at the site. EIA notification documentation is still undergoing comment proceedings at the environment ministry. In the project for a new plant in Ledvice (660 MW), construction work began on the main generating unit. A new water treatment plant was put into preliminary operation.

In the project for a CCGT plant in Počerady (880 MW), EIA documentation was already filed with the environment ministry in late 2008. In Q1 2009 we prepared contracts to be signed with the principal engineering contractor.

CAPEX at the nuclear power plants in Q1 reached CZK 1.1 billion. There was an outage on Unit 3 of Dukovany Nuclear Power Station, during which were carried out, among other things, projects related to an increase in generation capacity – utilization of full generating unit design potential and upgrade of high-pressure components of turboaggregates. At Temelin Nuclear Power Station, March 2009 saw groundbreaking of the future spent fuel storage facility. Currently in preparation is a project to replace the linear drives, which are nearing the end of their useful lifetime. The new drives will reduce the outage critical path by approximately 14 hours per reactor unit.

In Romania, a large wind farm project is ongoing. CZK 0.5 billion was invested in it in Q1 2009, out of a total CZK 14.2 billion planned for 2009.

Capital expenditure in the CEZ Group distribution grid in Q1 2009 reached CZK 1.5 billion in the Czech Republic, CZK 0.2 billion in Bulgaria, and CZK 0.3 billion in Romania.

Severočeské doly invested CZK 0.3 billion in Q1, primarily in renewal of mining machines, drive upgrades, renovations, and land purchases.

Segment analysis		Power Production & Trading CE		Distribution & Sale CE		Mining CE		Other CE		Power Production & Trading SEE		Distribution & Sale SEE		Other SEE		Elimination		Consolidated			
		Q1 2009	Q1 2008	Q1 2009	Q1 2008	Q1 2009	Q1 2008	Q1 2009	Q1 2008	Q1 2009	Q1 2008	Q1 2009	Q1 2008	Q1 2009	Q1 2008	Q1 2009	Q1 2008	Q1 2009	Q1 2008		
Sales other than intersegment sales	CZK millions	20,610	18,901	22,141	20,847	1,016	932	751	870	964	396	7,823	6,656	-2	3	0	0	53,303	48,605	CZK millions	Sales other than intersegment sales
Intersegment sales	CZK millions	14,893	14,088	850	1,001	1,912	1,678	5,352	5,863	225	72	11	39	603	535	-23,846	-23,276	0	0	CZK millions	Intersegment sales
Total revenues	CZK millions	35,503	32,989	22,991	21,848	2,928	2,610	6,103	6,733	1,189	468	7,834	6,695	601	538	-23,846	-23,276	53,303	48,605	CZK millions	Total revenues
EBITDA	CZK millions	23,234	20,967	2,596	2,067	1,536	1,308	1,605	1,671	100	33	1,094	1,007	61	31	1	0	30,227	27,085	CZK millions	EBITDA
Depreciation and amortization	CZK millions	-3,314	-3,423	-744	-836	-338	-294	-492	-425	-96	-90	-431	-443	-15	-14	0	0	-5,430	-5,525	CZK millions	Depreciation and amortization
EBIT	CZK millions	19,920	17,544	1,852	1,231	1,198	1,014	1,113	1,246	4	-57	663	564	46	17	1	0	24,797	21,560	CZK millions	EBIT
Income taxes	CZK millions	-3,594	-3,337	-390	-247	-250	-221	-183	-165	-8	2	-163	-145	-7	-4	0	0	-4,595	-4,117	CZK millions	Income taxes
Net income	CZK millions	15,330	12,466	1,378	972	980	810	953	988	10	-18	700	499	34	10	0	0	19,385	15,726	CZK millions	Net income
Assets	CZK millions	344,166	240,532	63,076	61,442	26,967	31,303	31,728	46,327	19,830	8,842	39,732	32,869	1,125	1,069	-26,063	-33,949	500,561	388,435	CZK millions	Assets
CAPEX	CZK millions	-3,298	-3,886	-1,414	-1,389	-264	-631	-944	-431	-540	-9	-202	-351	-337	-11	245	182	-6,754	-6,526	CZK millions	CAPEX
Employee headcount	persons	8,039	8,136	1,409	1,153	3,499	3,646	7,413	8,479	614	706	4,688	5,404	1,506	1,779	0	0	27,168	29,303	persons	Employee headcount

Power Production & Trading Central Europe

A total of 17.6 TWh of electricity was generated by CEZ Group power plants in Central Europe in Q1 2009 – i.e., 0.7 TWh less (-4.0%) than in the same period one year before. The biggest decline (0.6 TWh, or -5.8%) was seen in coal-fired power plants, of which 0.5 TWh was in the Czech Republic and 0.1 TWh was in Poland. Factors included an increase in planned outages and production optimizing, in which the use of more expensive generation facilities is restricted during times when the selling price of electricity is low, and arbitrage is conducted between production and the sale of CO₂ allowances. The EBITDA generated by Polish companies is up CZK 0.2 billion year-on-year despite the negative impact of the CZK’s strength against the PLN (CZK 0.1 billion).

Production in nuclear power plants also declined slightly, due to a planned outage of Dukovany Nuclear Power Station’s Unit 3. The process of increasing achievable capacity and the very low failure rate are having a positive impact on nuclear generation volume. Hydro power plants produced 0.1 TWh less than in the same period one year before.

CE: Power Production		Q1 2009	Q1 2008
Power produced	TWh	17.6	18.3
of which: nuclear plants	TWh	7.4	7.5
coal plants	TWh	9.7	10.3
hydro and other plants	TWh	0.5	0.6

Electricity trading volume grew substantially – purchasing was up 11.2 TWh (+80.8%) while sale increased by 10.5 TWh (+34.3%). The gain on emission allowances was CZK 1.0 billion higher year-on-year due to the reversal of a provision set up in late 2008 for missing allowances. At the end of 2009, this effect will be offset by the creation of a new provision. Exchange trading in CER emission credits began in March 2009.

Electricity and Emission Allowance Markets

In Q1, demand for electricity in the Czech Republic declined by 3.6% year-on-year. Wholesale consumption was down 10.1% due to the economic downturn. Retail business and residential consumption rose by 3.5% and 4.7%, respectively, primarily due to the lower temperatures in January and February, which affected consumption of electricity for heating.

In January and February 2009 we saw a continuation of the slide in prices of electricity and emission allowances that began as early as the summer of 2008 as a result of the global financial crisis and the beginning of the recession in Europe. Electricity prices fell over the entire length of the FWD curve, on low demand for energy and declining prices of both fuels and allowances. Oil lost approximately two thirds of its level from before the beginning of the global economic crisis.

In March, on the other hand, otherwise declining commodity prices saw a moderate correction when the electricity price EEX BL 2010 grew by 5.0 EUR/MWh to 48.4 EUR/MWh, the price of coal for 2010 grew by 7.0 USD/metric ton to 81.5 USD/m.t. and the price of 2009 EUA allowances grew by 1.8 EUR/m.t. to 12.3

CE: Wholesale (trading)		Q1 2009	Q1 2008
Electricity purchased	TWh	25.0	13.8
of which, outside CEZ Group	TWh	23.6	11.6
Electricity sold	TWh	41.0	30.5
of which, outside CEZ Group	TWh	31.8	20.4
- wholesale	TWh	31.6	20.1
- to end customers	TWh	0.2	0.2
Balance	TWh	16.0	16.7

Distribution & Sale Central Europe

Segment EBITDA grew by CZK 0.5 billion (+26%) compared to the same period the year before. Wholesale electricity distribution volume was down 0.6 TWh (-12%) due to the economic slowdown. Retail volume, on the other hand, was up 0.2 TWh (+5%). A new IFRS treatment pursuant to which newly collected connection fees are recognized directly as income had a positive, CZK 0.3 billion financial impact. ČEZ Prodej supplied 0.4 TWh (-5.0%) of electricity less to end customers outside of CEZ Group, due to the economic slowdown. The decline was 0.5 TWh (-16%) in wholesale, while retail sales volume grew by 0.1 TWh (+3%) due to lower temperatures compared to the previous period.

CE: Distribution & Retail		Q1 2009	Q1 2008
Sales to end customers outside CEZ Group	TWh	7.0	7.4
Electricity distribution to end customers	TWh	9.1	9.4

Mining Central Europe

Severočeské doly, a.s. mined 133,000 metric tons of coal more than one year before, due to higher sales to ČEZ, a. s. Although coal-fired power plants produced less electricity than one year ago, Severočeské doly’s share in supplies to ČEZ, a. s. grew. This was due to planned outages at power plants that buy coal from other suppliers. On the other hand, there was a moderate decline in sales of sorted coal and other coal grades to external customers.

CE: Coal sales		Q1 2009	Q1 2008
Coal sold, total	Mt	6.0	5.9
of which: sold to ČEZ, a. s.	Mt	4.6	4.4

Power Production & Trading Southeastern Europe

Varna Power Station produced 0.9 TWh of electricity in Q1 2009, up 0.3 TWh (+40%) year-on-year. EBITDA rose by CZK 0.1 billion compared to the same period one year before.

SEE: Power Production & Wholesale		Q1 2009	Q1 2008
Power produced	TWh	0.9	0.6
Electricity sold	TWh	0.8	0.6
of which, outside CEZ Group	TWh	0.7	0.5

Other Information

- On 11 March 2009, ČEZ, a. s. signed an agreement with the Albanian Government to purchase a 76% stake in the Albanian distribution company Operatori i Sistemit te Shperndarjes sh. a.

- In early April 2009, following a three-month outage, Dukovany Nuclear Power Station’s Unit 3 was restarted. During the outage, refueling took place and a number of equipment check-ups were performed. Most importantly, however, the turbogenerators were upgraded and as of early May are providing a capacity of approximately 500 MW when installed capacity rose to 510 MW.

- CEZ Group continues to expand utilization of biomass. In early April 2009, we purchased an already operated facility in Jindřichův Hradec for the combined production of power and heat that runs exclusively on biomass. In late April, ČEZ, a. s. successfully tested exclusive firing of biomass at Hodonín Power Station, following completion of necessary modifications to one of the fluidized-bed boilers. In the future, then, it will be possible to run the boiler on pure biomass at up to 75% of its nameplate capacity.

Distribution & Sale Southeastern Europe

Companies in Bulgaria and Romania distributed a total of 4.6 TWh of electricity to end customers, down 3.1% year-on-year. In Bulgaria distribution volume was up 0.1 TWh (+4.9%) while in Romania it was down 0.3 TWh (-12.3%).

Sales to end customers outside the Group totaled 3.6 TWh, i.e. 4.1% more than one year ago. In Bulgaria, sales to end customers grew by 0.1% (+5.7%), while in Romania they fell slightly (-0.6%).

EBITDA posted growth of CZK 0.1 billion (+9%), driven in particular by lower creation of provisions and allowances for impairment of receivables from the Romanian railway operator. When adjusted for these, EBITDA is the same as in 2008 despite lower electricity sales volume in Romania due to the economic crisis.

SEE: Distribution & Retail		Q1 2009	Q1 2008
Sales to end customers outside CEZ Group	TWh	3.6	3.4
Electricity distribution to end customers	TWh	4.6	4.8

- In late April, the management of ČEZ approved a business plan to build a CCGT power plant near Mělník in Central Bohemia. Its planned installed capacity is 800 MW. The site already has the necessary infrastructure, including the possibility of connection to the gas supply network.

- To support energy conservation, starting on 15 April 2009 customers of ČEZ Prodej can get a CZK 1,000 discount when they purchase an energy-efficient household appliance. To be eligible for the discount, the old appliance must be returned and the purchase must be made at a participating retail store.

- The General Meeting of ČEZ, a. s. is called for 13 May 2009. In accordance with the dividend policy, the Board of Directors will propose pay-out of a CZK 50/share dividend, a 25% increase over 2008 and moving the dividend into the upper portion (56%) of the pay-out band (50 – 60 %).

- On 6 May 2009, ČEZ, a. s. privately placed a CZK 1.4 billion, two-year, zero-coupon bond issue, as part of its EMTN program.

Consolidated Income Statement (CZK m)	1-3/2009	1-3/2008	
Revenues	53,303	48,605	
Sales of electricity	49,377	43,433	
Gains and losses from electricity, coal and gas derivative trading, net	554	1,888	
Heat sales and other revenues	3,372	3,284	
Operating expenses	-28,506	-27,045	
Fuel	-4,895	-3,995	
Purchased power and related services	-12,307	-10,253	
Repairs and maintenance	-817	-663	
Depreciation and amortization	-5,430	-5,525	
Salaries and wages	-3,693	-3,674	
Materials and supplies	-1,044	-1,070	
Emission rights, net	950	-120	
Other operating expenses	-1,270	-1,745	
Income before other income (expenses) and income taxes	24,797	21,560	
Other income (expenses)	-817	-1,717	
Interest on debt, net of capitalized interest	-821	-662	
Interest on nuclear and other provisions	-524	-513	
Interest income	545	366	
Foreign exchange rate gains (losses), net	-1,070	-628	
Gain (Loss) on sale of subsidiaries and associates	-	10	
Other income (expenses), net	1,089	-280	
Income from associates	-36	-10	
Income before income taxes	23,980	19,843	
Income taxes	-4,595	-4,117	
Net income	19,385	15,726	
Net income attributable to equity holders of the parent	19,091	15,515	
Net income attributable to minority interests	294	211	
Earning per Share in CZK - basic	35.8	28.8	
Earning per Share in CZK - diluted	35.8	28.7	
Consolidated Statement of Comprehensive Income (CZK m)	1-3/2009	1-3/2008	
Net income	19,385	15,726	
Change in fair value of cash flow hedges recognized in equity	-2,962	3,190	
Cash flow hedges removed from equity	-761	-796	
Change in fair value of available-for-sale financial assets recognized in equity	-544	-73	
Available-for-sale financial assets removed from equity	1	-1	
Translation differences	-1,848	-2,690	
Share on equity movements of associates and joint-ventures	-14	-1	
Deferred tax relating to other comprehensive income	732	-427	
Other movements	16	-16	
Other comprehensive income, net of tax	-5,380	-814	
Total comprehensive income	14,005	14,912	
Total comprehensive income attributable to equity holders of the parent	13,906	15,537	
Total comprehensive income attributable to minority interests	99	-625	

Statement of Shareholders' Equity (CZK m)	Attributable to Equity Holders of the Parent						Minority Interests	Total Equity
	Stated Capital	Treasury Shares	Translation Differences	Fair Value and Other Reserves	Retained Earnings	Total		
December 31, 2007	59,221	-55,972	-2,296	3,225	167,174	171,352	12,874	184,226
Total comprehensive income			-1,857	1,893	15,501	15,537	-625	14,912
Acquisition of treasury shares		-8,434				-8,434		-8,434
Sale of treasury shares		1,586			-1,134	452		452
Share options				12		12		12
Transfer of exercised and forfeited share options within equity				-169	169			
March 31, 2008	59,221	-62,820	-4,153	4,961	181,710	178,919	12,249	191,168
December 31, 2008	59,221	-66,910	-5,025	-5,128	191,094	173,252	12,158	185,410
Total comprehensive income			-1,644	-3,534	19,084	13,906	99	14,005
Reduction of the stated capital	-5,422	61,313			-55,891			
Share options				31		31		31
Transfer of exercised and forfeited share options within equity							-11	-11
March 31, 2009	53,799	-5,597	-6,669	-8,631	154,287	187,189	12,246	199,435

Consolidated Balance Sheet (CZK m)	as of: Mar 31, 2009	Dec 31, 2008
Total assets	500,561	473,175
Non-current assets	346,021	346,237
Plant in service	488,607	488,956
Less accumulated provision for depreciation	256,777	252,330
Net plant in service	231,830	236,626
Nuclear fuel, at amortized cost	6,333	6,287
Construction work in progress	52,341	47,913
Investment in associates	3,663	1,907
Investments and other financial assets, net	33,914	34,614
Intangible assets, net	17,278	18,074
Deferred tax assets	662	816
Current assets	154,540	126,938
Cash and cash equivalents	22,547	17,303
Receivables, net	40,524	41,729
Income tax receivable	575	140
Materials and supplies, net	4,895	4,914
Fossil fuel stocks	3,121	2,959
Emission rights	456	1,523
Other financial assets, net	80,065	56,237
Other current assets	2,357	2,133
Total equity and liabilities	500,561	473,175
Equity	199,435	185,410
Equity attributable to equity holders of the parent	187,189	173,252
Stated capital	53,799	59,221
Treasury shares	-5,597	-66,910
Retained earnings and other reserves	138,987	180,941
Minority interests	12,246	12,158
Long-term liabilities	123,816	121,788
Long-term debt, net of current portion	67,253	66,526
Accumulated provision for nuclear decommissioning and fuel storage	35,726	35,631
Other long-term liabilities	20,837	19,631
Deferred taxes liability	18,004	14,421
Current liabilities	159,306	151,556
Short-term loans	36,758	35,001
Current portion of long-term debt	368	4,874
Trade and other payables	101,601	93,646
Income tax payable	1,485	3,910
Accrued liabilities	19,094	14,125
Cash Flow Statement (CZK m)	1-3/2009	1-3/2008
Cash and cash equivalents at beginning of period	17,303	12,429
Net cash provided by operating activities	19,784	21,890
Income before income taxes	23,980	19,843
Depreciation, amortization and asset write-offs	5,430	5,525
Amortization of nuclear fuel	662	768
Gain(-)/loss in fixed assets retirements, net	-10	-35
Foreign exchange rate losses (gains), net	1,070	628
Interest expense, interest income and dividends income, net	276	289
Provision for nuclear decommissioning and fuel storage	33	65
Valuation allowances, other provisions and other adjustments	-291	-606
Income from associates	36	10
Changes in assets and liabilities	-8,819	-2,220
Income taxes paid	-2,919	-2,533
Interest paid, net of capitalized interest	-50	-75
Interest received	386	231
Dividends received	-	-
Total cash used in investing activities	-10,850	-24,150
Total cash provided by (used in) financing activities	-3,237	876
Net effect of currency translation in cash	-453	-553
Cash and cash equivalents at end of period	22,547	10,492
Supplementary information: Total cash paid for interest	437	318

Non-audited results of CEZ Group prepared using IFRS principles