CEZ GROUP:
READY FOR DECENTRALIZED ENERGY FUTURE

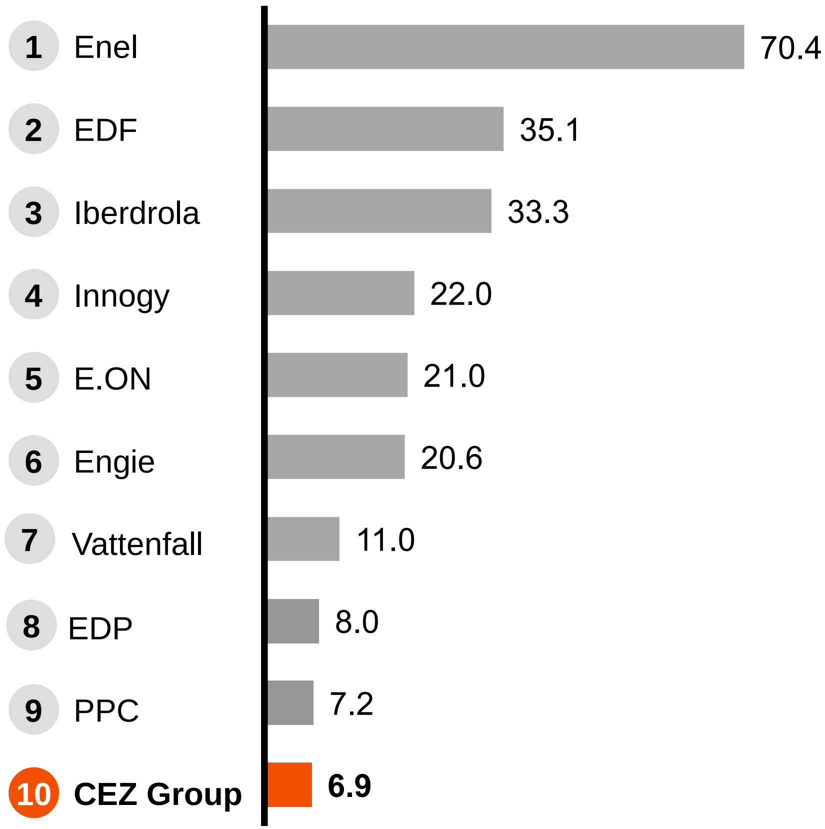
Investment story, April 2020

AGENDA

CEZ GROUP RANKS AMONG LEADING UTILITY COMPANIES IN EUROPE

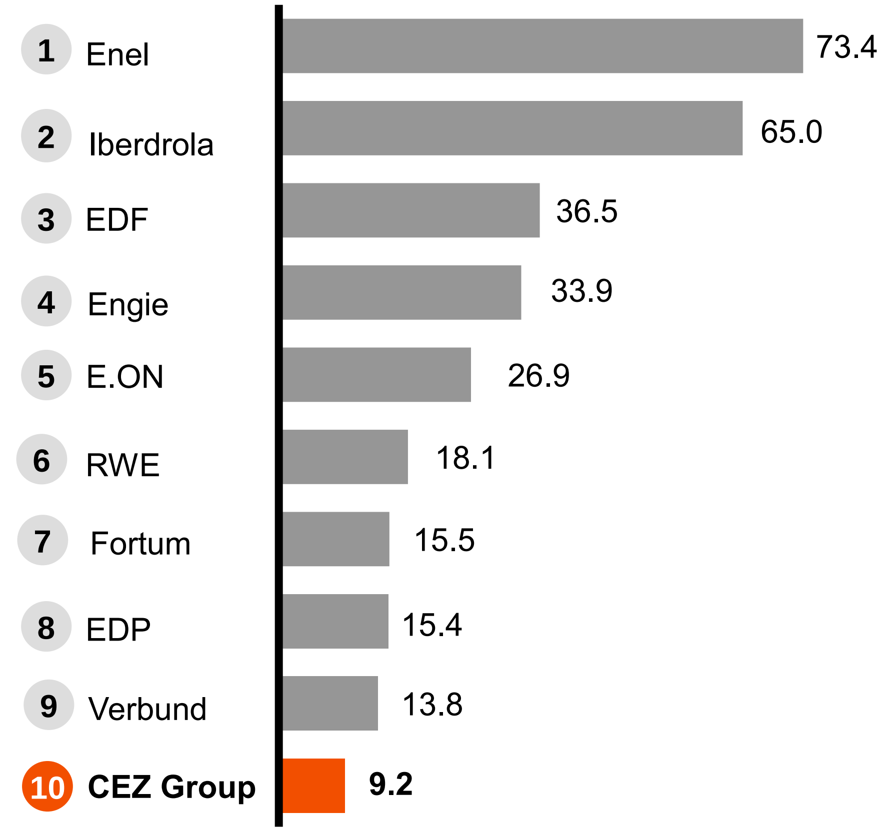
Top 10 European power utilities

Number of customers in 2018, in millions



Top 10 European power utilities

Market capitalization in EUR bn, as of March 9, 2020



 Source: Bloomberg, Annual reports, companies' websites and presentations

CEZ GROUP IS AN INTERNATIONAL UTILITY WITH A STRONG POSITION IN ITS DOMESTIC MARKET AND GROWING PRESENCE IN WESTERN EUROPE

Target markets

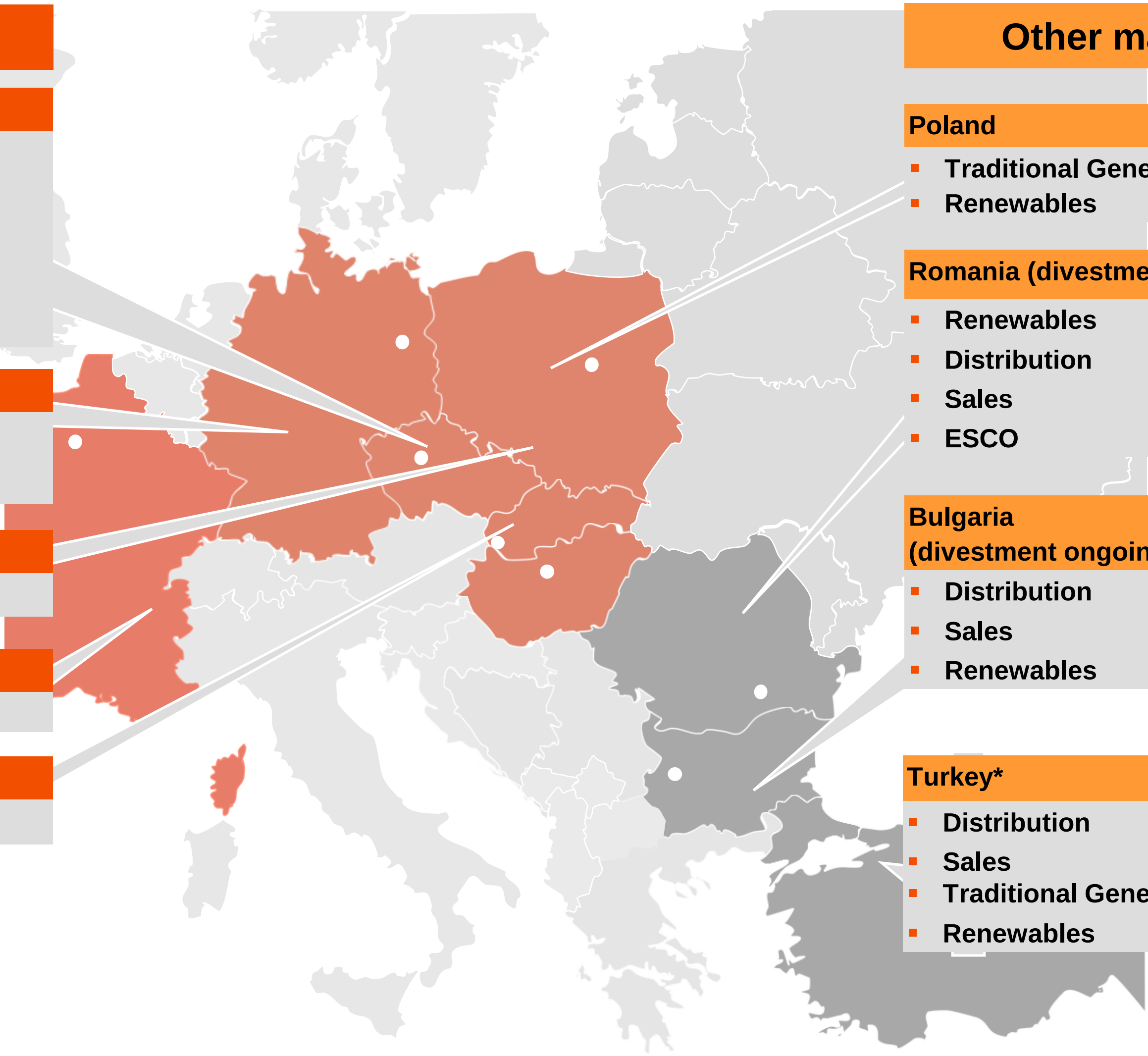
Czech Republic
- Mining
- Traditional Generation
- Renewables
- Distribution
- ESCO, Sales

Germany
- Renewables
- ESCO

Poland
- ESCO, Sales

France
- Renewables

Slovakia
- ESCO



Other markets

Poland
- Traditional Generation
- Renewables

Romania (divestment ongoing)
- Renewables
- Distribution
- Sales
- ESCO

Bulgaria (divestment ongoing)
- Distribution
- Sales
- Renewables

Turkey*
- Distribution
- Sales
- Traditional Generation
- Renewables

*(50% stake in SEDAŞ through AkCez, 37.36% stake in Akenerji)

CZECH REPUBLIC IS THE MOST IMPORTANT MARKET FOR CEZ GROUP, IT IS VERTICALLY INTEGRATED THERE

	Lignite mining	Generation	Transmisson	Distribution	Supply
CEZ	**55%** 20.4 million tons	**70%** 60.8 TWh	**100%** 67.7 TWh	**65%** 35.9 TWh	**27%** 16.7 TWh
Others	**45%** 17.0 million tons	**30%** 26.3 TWh		**35%** 19.6 TWh	**73%** 44.4 TWh

Lignite mining
- CEZ fully owns the largest Czech mining company (SD) covering 72% of CEZ' s Lignite needs
- Remaining 3 coal mining companies are privately owned

Generation
- Other competitors are individual IPPs

Transmisson
- The Czech transmission grid is owned and operated by CEPS, 100% owned by the Czech state

Distribution

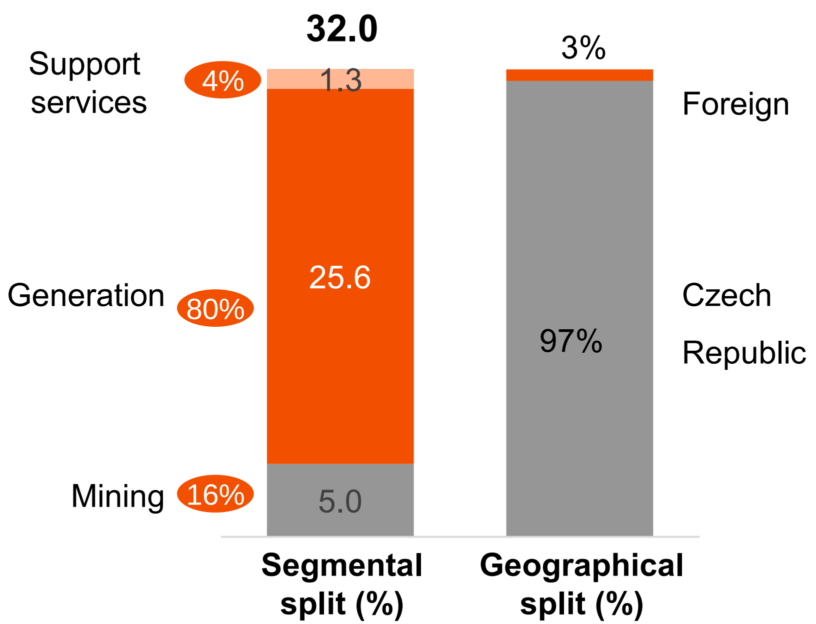
Supply
- Other competitors – E.ON, PRE (41% held by EnBW), Bohemia Energy, Innogy, Centropol Energy

 Source: CEZ, ERU, MPO, data for 2019

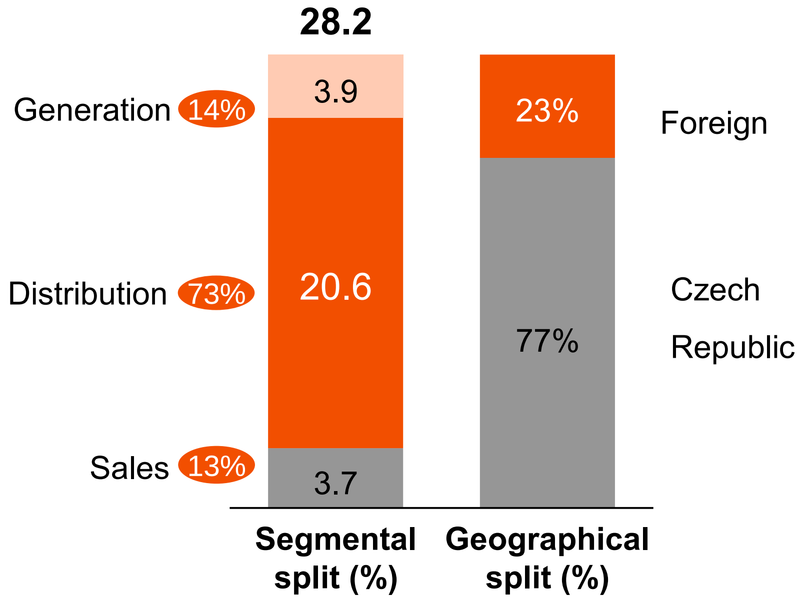
SEGMENTAL AND GEOGRAPHICAL CONTRIBUTIONS TO EBITDA IN 2019

2019 EBITDA CZK 60.2bn

~53% **Traditional Generation 2019 EBITDA**



47% **Regulated and New Energy 2019 EBITDA**



OPERATIONS TEAM

- The most effective use of our traditional assets
- Proactively adjusting to the new energy environment
- Generating sufficient cash flows to develop new activities and pay dividends to our shareholders

DEVELOPMENT TEAM

- Ensuring future growth for CEZ based on ESCO activities, decentralized energy, distribution and domestic renewables with focus on end customers
- Acquisitions and organic growth in stable countries

*including eliminations

KEY BUSINESS DRIVERS OF CEZ GROUP

Traditional Generation

- **Benefits from higher power prices…..**
  - 2020 expected achieved electricity price is EUR 45/MWh, almost 30% higher y-o-y
- **….. as it is positively geared toward growing price of CO2 allowances**
  - CEZ emission intensity 0.36 t/MWh is well below 0.65-0.70 t/MWh intensity of price setting plant and will further drop to 0.3 t/MWh by 2025
- **Stable CAPEX**
  - Upgrade of lignite fleet completed
  - Current Capex mostly maintenance related

Regulated and New Energy

- **Benefits from RAB growth**
  - 5% increase by 2020 in Czech distribution
- **Additions of renewables capacity**
  - Current pipeline of up to 565 MW of wind parks in Europe
  - Ambition to add further renewable capacities in the Czech Rep.
- **Expansion of energy services offering („ESCO“)**
  - Expected 2020 revenues increase by 19% to CZK 26 bn
  - Further growth anticipated organically and through acquisitions

PRIORITIES OF CEZ GROUP BUSINESS STRATEGY AND POLICY

Strategic priorities of CEZ Group	Main strategic thesis of CEZ Group
Efficient operation, optimal utilization and development of generation portfolio	Efficient management of nuclear plants and coal plants located near the coal basins and preparation of conditions for realization of new nuclear plant as part of strengthening energy security and decarbonization of generation portfolio in Czechia
Modern distribution and a care for customers' energy needs	Modernization and digitalization of distribution and sales in Czechia, development of complex services taking into account customers‘ needs
Development of new energy in the Czech Republic	Development of energy services (ESCO) and renewables (RES) in Czechia in fulfilling Czech climate and energy plan
Development of energy services in Europe	Development of foreign ESCO activities and achieving significant position in markets close to Czechia, primarily Germany, northern Italy and Poland

- Realization of efficient exit strategies from markets and energy segments, which are risky or do not have attractive prospects
- Finalization of RES development abroad and securing return of funds invested

KEY SUBSTANTIVE AND FINANCIAL OBJECTIVES OF CEZ GROUP STRATEGY

Strategic Priorities	Key Substantive Objectives and Ambitions for 2025	Additional 2025 EBITDA* Goal (CZK bn)
Efficient Operation, Optimum Utilization & Development of Generation Portfolio	▪ Safe and efficient generation by nuclear plants (WANO's assessment of CEZ's nuclear power plants above the global nuclear operators median; annual generation above 31.5 TWh). ▪ Long-term NPP operation (Temelín units at least until 2060 and 2062, Dukovany units until 2045 and 2047). ▪ Value maximization in mining and conventional generation, efficient generation by power and heating plants in mining regions. Controlled phaseout of plants outside mining regions. ▪ Negotiating a framework for the construction of a new nuclear unit at Dukovany, which would cover the regulatory and market risks of the project. Commencing project preparations according to the approved contractual framework.	**+1 to +2** beyond the effect of market prices **
Modern Distribution & Care for Customers' Energy Needs	▪ Distribution CZ: Increasing revenues by way of increased investments in the context of changes induced by decentral energy; increasing efficiency and reducing operating expenses. ▪ Sales CZ: Maintaining current profitability by way of: maintaining the current customer base, increasing customer satisfaction, and expanding offerings in the portfolio of noncommodity products and services.	**+2 to +4**
New Energy Sector Development in Czechia	▪ ESCO CZ and SK: 25%+ share in the growing market with target EBITDA margin > 7%. ▪ RES CZ: Playing a major role in the growth of renewables in Czechia. Total potential for Czech solar installed capacity estimated at up to 5 GW, including about 0.5 GW on land currently owned by CEZ Group.	**+2 to +3**
Energy Services Development in Europe	▪ Continuing with quick organic and acquisition expansion in Germany, northern Italy, and Poland. ▪ Maximizing synergies from the consolidation of activities in target markets. ▪ Becoming a Top 3 ESCO player in these markets by 2025, with target EBITDA margin > 7%.	**+2 to +3**
Divestment Strategy	▪ Return of capital invested in RES assets in Germany and France. ▪ Completion of sale of assets in Bulgaria, sale of generation and distribution assets in Romania, Poland, and Turkey. The goal is to sell those assets by the end of 2022. The assets' contribution to CEZ Group's annual 2018 EBITDA was CZK 5.5 bn.	

The goal of additional 2025 EBITDA* demands significant investments in new assets, primarily in RES in Czechia, ESCO abroad, and distribution in Czechia. Investments in RES development in Czechia and ESCO development will be financed by income from divestments.

*Increase in annual EBITDA as compared to today's EBITDA of target business segments; **Current market prices of electricity and emission allowances indicate an additional CZK 7 to 10 bn.

CEZ GROUP INTENDS TO LEAVE MARKESTS WITH INSUFFICIENTLY APPEALING OUTLOOK AND NEED FOR INCREASED MANAGEMENT FOCUS

Strategic priorities	Key initiatives
Leaving risky and non-perspective markets and segments	▪ Carry out divestments of assets in Romania and Poland ▪ Finalize divestments of assets in Bulgaria and Turkey
Recovery of capital invested in foreign renewables	▪ Finalization of renewables development abroad and securing recovery of invested funds

Reasons for the divestments

- Romanian regulatory environment has stabilized after brief wobbles at the start of new regulatory period
- Increased interest from various financial groups in Romania who seek infrastructure investments with higher yields compared to Western Europe
- Monetization of Polish coal business and reduction of CEZ's carbon footprint
- Turkish market is extremely risky especially due to currency volatility

Potential use of proceeds

- Debt reduction to avoid negative impact on consolidated leverage through divested EBITDA
- Reinvestments into energy services and domestic renewables
- Distribution to shareholders

2018 EBITDA contribution of assets contemplated for sale: CZK 5.5bn*

* Contribution of Bulgaria, Poland, Romania (excluding ESCO), excluding contribution of wind farms in Germany with EBITDA of CZK 0.5bn

STEPS OF STRATEGY IMPLEMENTATION TAKEN IN 2019 (1/2)

Strategic Priorities

I. Efficient Operation, Optimum Utilization & Development of Generation Portfolio

Nuclear energy and new nuclear unit areas

- Nuclear generation exceeded 30 TWh in 2019 and measures were realized to fulfill strategic ambition
- The international mission of WANO confirmed a high standard of operation of the Temelín NPP and the corporate mission of WANO confirmed that ČEZ proceeded in compliance with the mission recommendations of 2017 and achieved best practice.
- An affirmative standpoint was issued by the Ministry of the Environment of the Czech Republic for a new nuclear source at the Dukovany NPP. EIA is valid for 7 years after its date of issue.
- Supplier model debated with potential bidders on delivery of new nuclear power plant.

Other areas

- A decision was taken not to exercise the option of withdrawal from sale of the Počerady brown coal-fired power plant.
- Preparatory steps were taken to shut down selected coal sources in Czechia in 2020 and to meet environmental limits for sources operated after 2020 (especially mercury BAT limits - Hg). Analyzes and documents were prepared for discussion on exemptions from BAT – AEL (necessary changes exceed the 4 year adaptation deadline)
- Permanent benefits in the area of optimization of supporting and central services exceeded CZK 0.6 bn/year.

EIA – Environmental Impact Assessment; BAT – Best Available Technology; AEL – Achievable Emission Level

STEPS OF STRATEGY IMPLEMENTATION TAKEN IN 2019 (2/2)

Strategic Priorities

II. Modern Distribution and Care for Customers' Energy Needs	▪ In August 2019 the Energy Regulatory Office (ERO) published its Price Regulation Principles for Regulation Period V applicable to the years 2021 – 2025. In Q4 2019 a public consultation process took place enabling to submit comments. CEZ provided basis and arguments for determination of final parameters, which will be set in H1 2020 by ERO. ▪ CZK 10.9 billion was invested in the distribution network in Czechia. ▪ The number of connection points operated by ČEZ Prodej increased by 7,800 and customer satisfaction increased.
III. New Energy Sector Development in Czechia	▪ A large-capacity battery system was launched at Tušimice with the installed capacity of 4 MW and the storage capacity of 2.8 MWh ▪ Team for RES development activities in Czechia was set up, preparatory works and technical assessments of land owned by CEZ Group companies were carried out, first framework agreements for lease and purchase contracts for external locations were signed
IV. Energy Services Development in Europe	▪ Development strategy for target development markets were established, ambitions for acquisition and organic growth in 2019 were achieved. ▪ We acquired new foreign ESCO companies whose annual EBITDA exceeds CZK 0.6 bn ▪ Three new investments were realized by Inven Capital (CyberX, Neuron and Zolar)

Divestment Strategy

- We commenced the divestment process for Romanian assets with 19 non-binding offers received.
- Implementation of the contract on the sale of Bulgarian assets has not yet been made possible by Bulgarian authorities.
- We managed to reduce distribution losses:
  - in Romania to 8.2% (from 8.6%)
  - in Bulgaria to 8.0% (from 9.1%)
- Transformation of Polish assets is being finalized and divestiture process of selected Polish assets has been prepared.

 EIA – Environmental Impact Assessment; BAT - Best Available Technology; AEL - Achievable Emission Level

50% REDUCTION IN INSTALLED COAL CAPACITY ALREADY BY 2025 AND FULL COAL DECOMISSIONING BY 2050

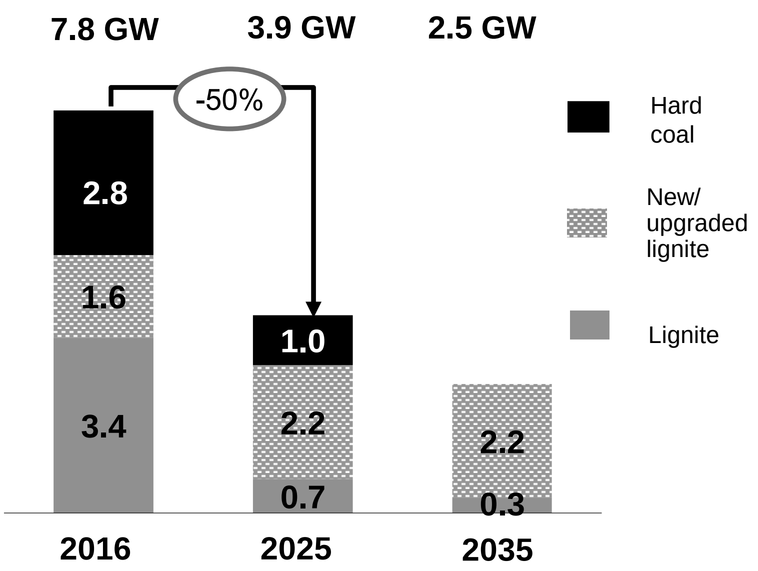
Coal fired power plants will be gradually closed

- Coal fired power plants currently represent 45% of capacity and 39% of generation volume in 2019 and their revenues are less than 20% of total
- Coal fired capacity will decrease by half from 7.8 GW in 2016 to 3.9 GW by 2025 and further to 2.5 GW in 2035

CEZ is expanding its footprint in renewables, not planning any new coal fired power plants

- CEZ's strategy focuses on power generation capacity growth in renewables expanding its currently running 1,700 MW renewable generation capacity (half of which built in the last decade)

Expected development of installed capacity in coal (GW)

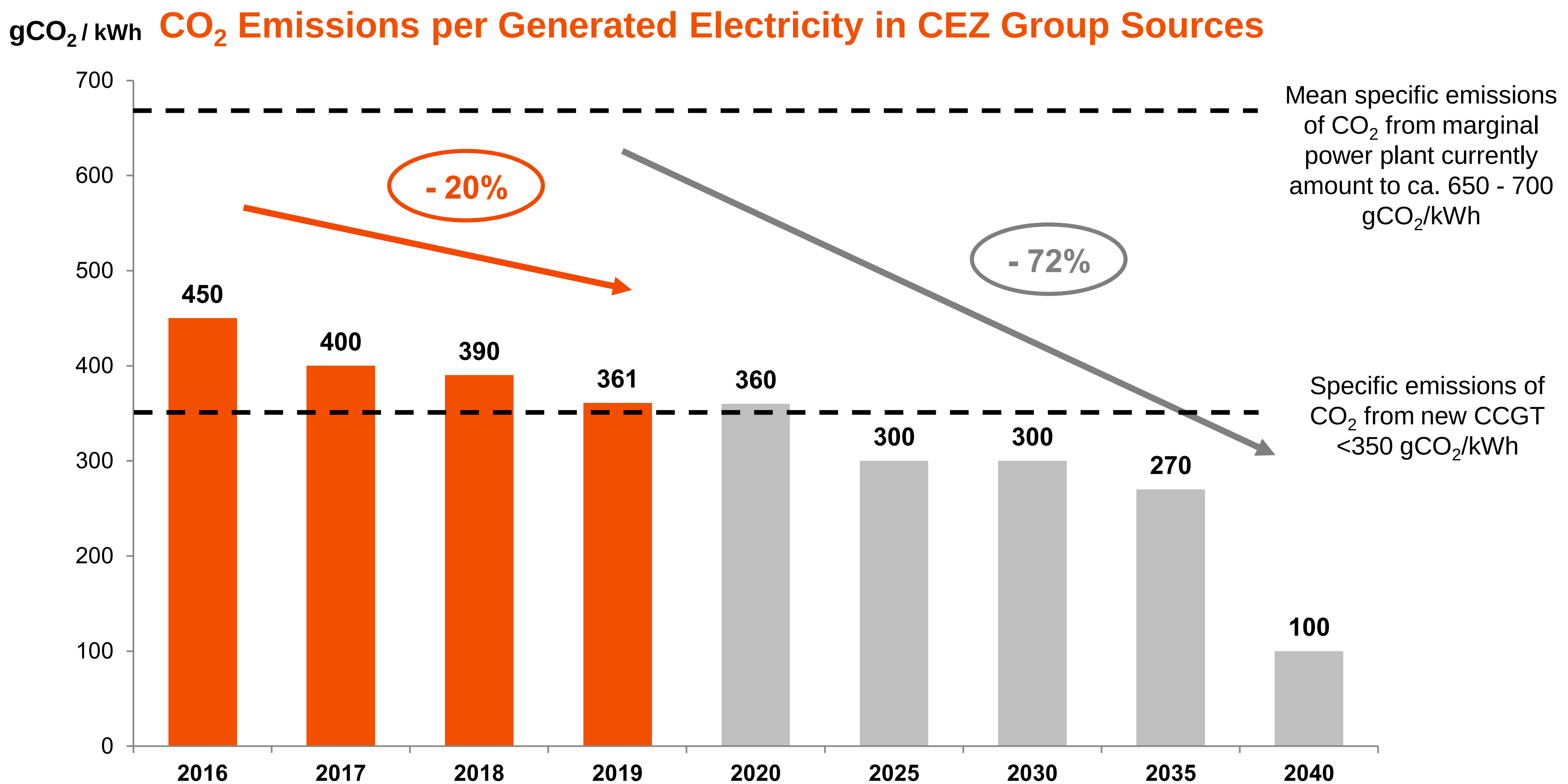


Coal extracted is mainly used in own power plants

- CEZ Group produced 20.4 mil tones of coal, out of which only 26% is sold externally
- Share of coal mining and related activities (except power generation) on CEZ group's revenues is 2% only
- Volume of extracted coal is expected to decline reflecting the closures of CEZ coal capacities.

 * Applies to coal mining, power and heat generation, covers Scope 1 and Scope 2 emissions

CO2 INTENSITY WILL DECLINE BY 72% BY 2040 THANKS TO COAL PLANT CLOSURES



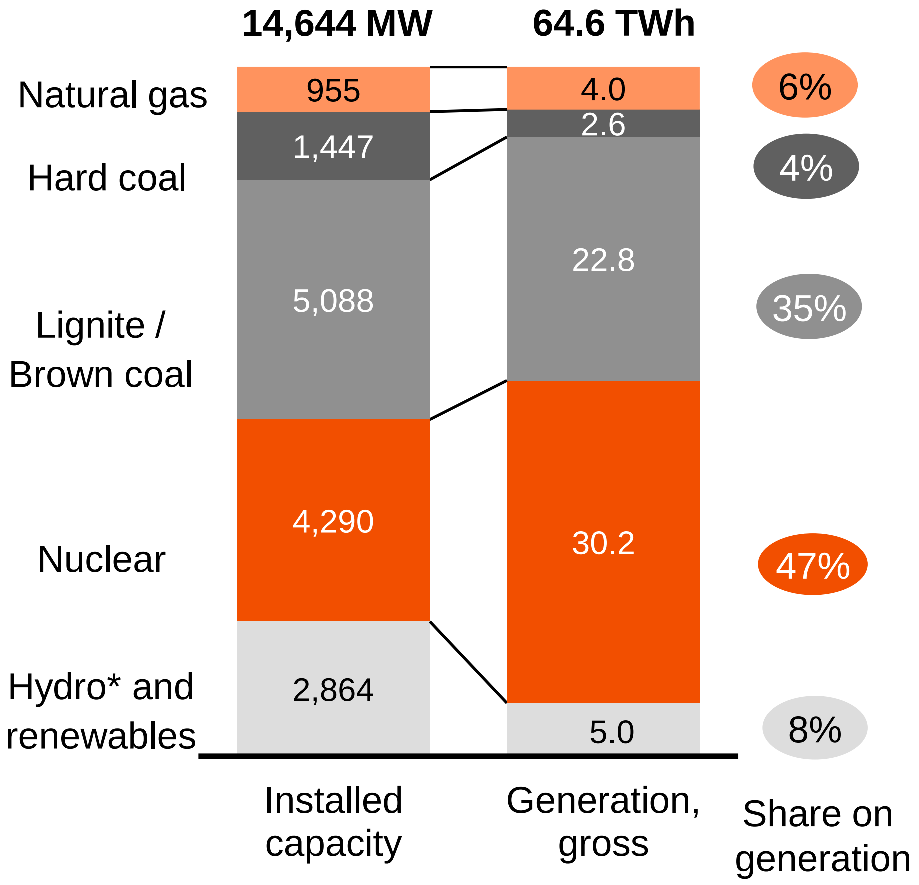
Mean specific emissions of CO_2 from electricity generated by CEZ Group sources have decreased by **20%** in the past 3 years. The value of 361 gCO_2/kWh achieved in 2019 nearly reached the level of new CCGT.

Note The future development of the specific indicator of gCO_2/kWh of generated electricity is based on the conservative assumption of preserved volume of generation from the current nuclear and renewable sources (i.e. renewable development is not included).

AGENDA

CEZ GROUP OPERATES LOW COST GENERATION FLEET

Installed capacity and generation (2019)

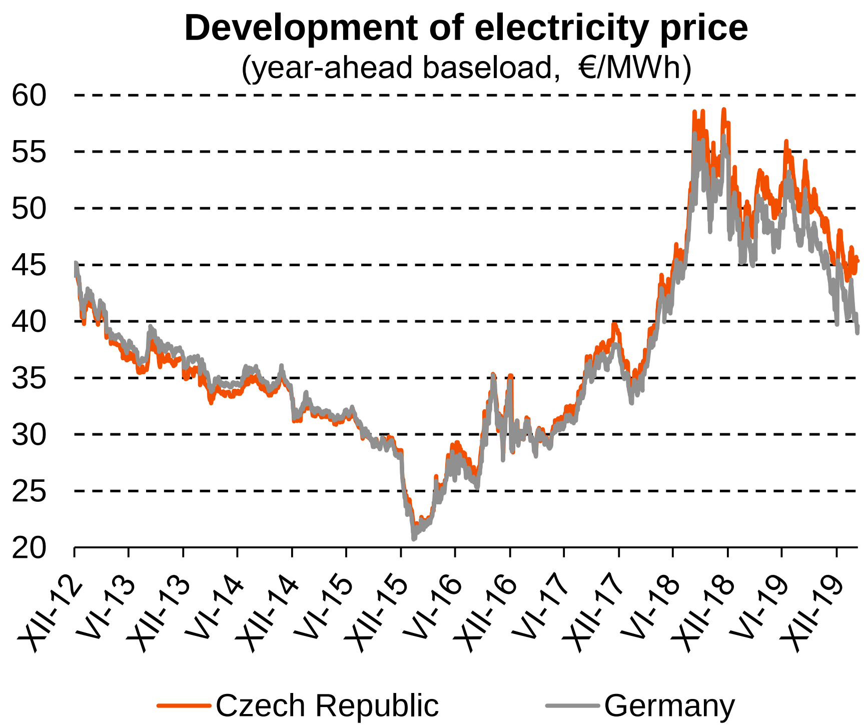


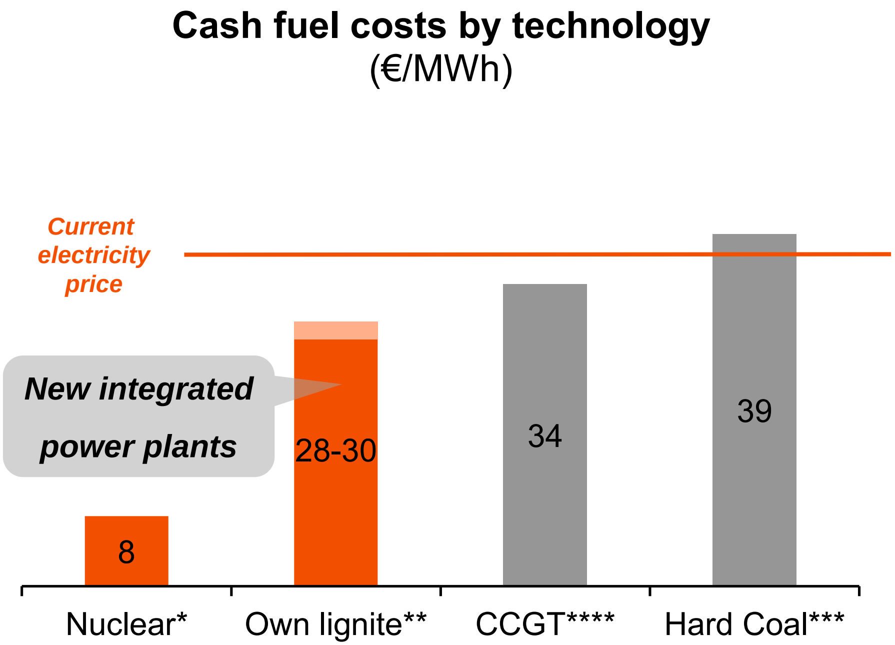
- **Coal power plants are using mostly lignite from CEZ's own mine** (72% of lignite needs sourced internally, remaining volume through long-term supply contracts)
- **Nuclear plants have very low operational costs**

CEZ has a long-term competitive advantage of low and relatively stable generation costs

 * Hydro 1,985 MW, out of which 1,170 MW in pumped-storage hydro

LOW COST AND UPGRADED GENERATION PORTFOLIO GENERATES HEALTHY MARGINS IN CURRENT PRICE ENVIRONMENT





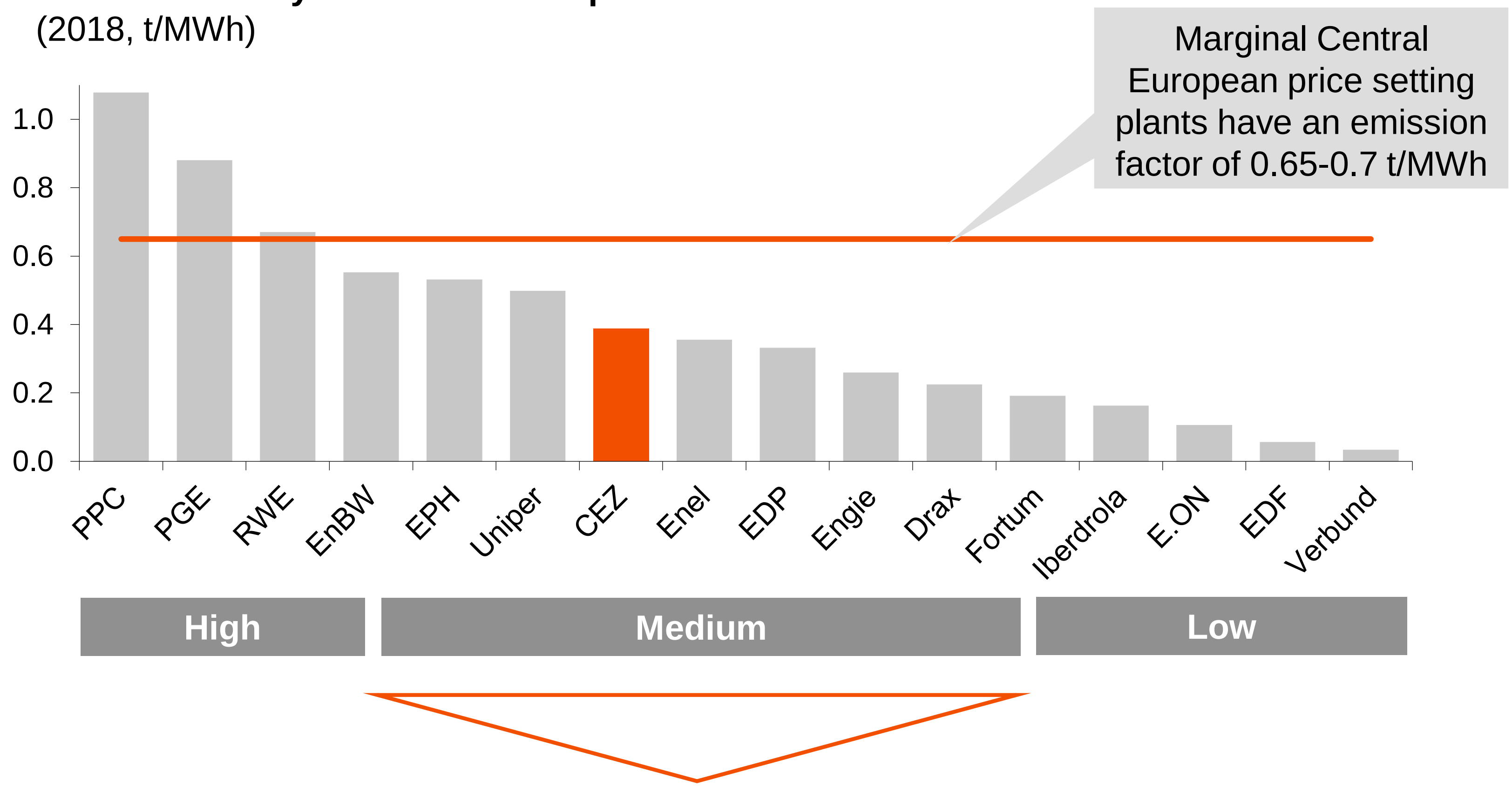
Drivers of electricity price

- **hard coal prices** being driven by Chinese imports, minor impact by gas oversupply and oil war
- **carbon prices** declining in the environment of market turmoil and **asset sell-off**
- **growing** capacity of subsidized **renewables**
- **falling** electricity **demand** due to suspension of economic activity as a measure against the coronavirus

* Nuclear fuel costs + CZK55/MWh payment for fuel storage ** Cash cost of extracting own lignite, 42/39.5% efficiency, 11,5 GJ/t calorific value, carbon at 23.2 EUR/t, 0.96 t/MWh CO2 *** Coal at 55.2USD/t, 38% efficiency, 0.90 t/MWh CO2 ****Gas 13.1 EUR/MWh, 57% efficiency, 0.35 t/MWh CO2

CEZ GROUP'S CO_2 INTENSITY IS BELOW INTENSITY OF A EUROPEAN PRICE SETTING PLANTS

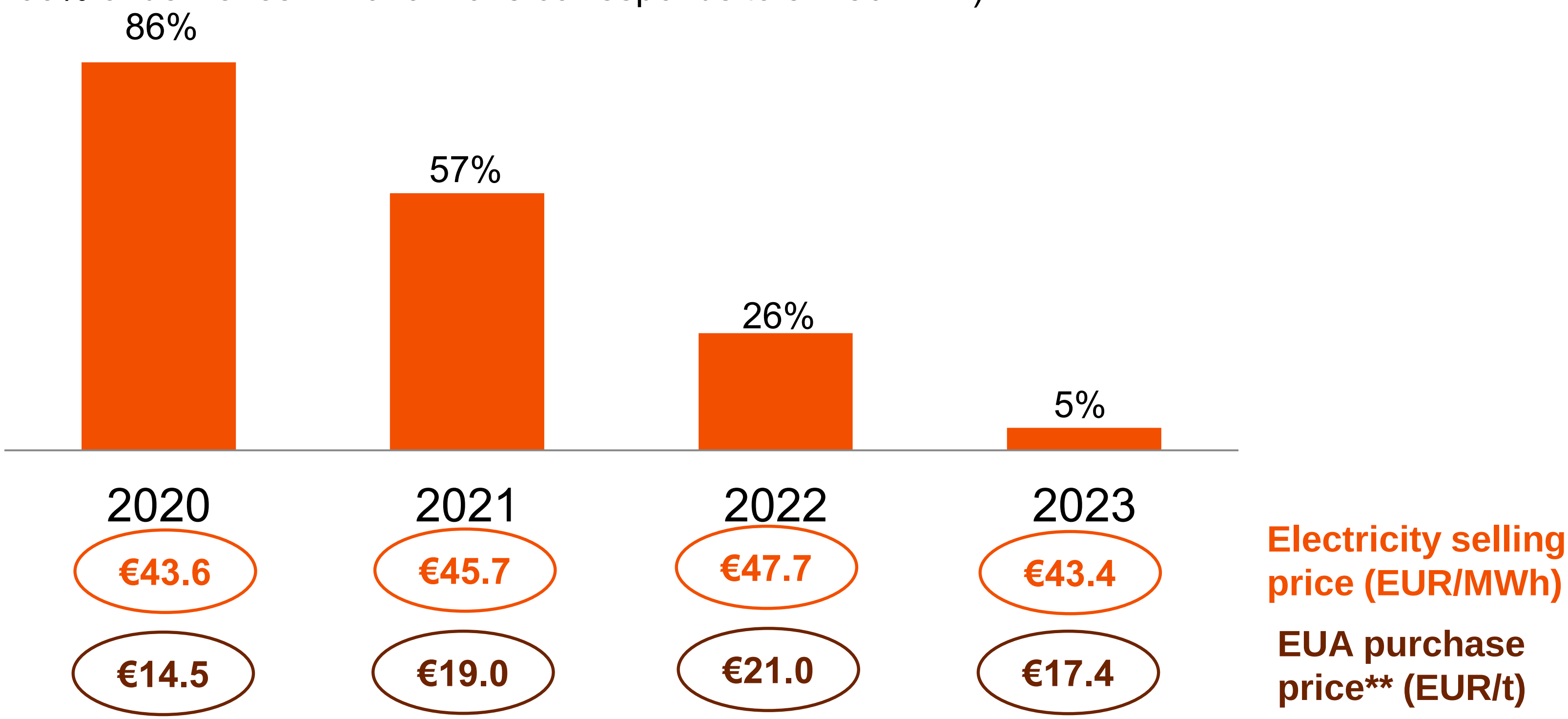
Carbon intensity of selected European utilities
(2018, t/MWh)



Increase in CO_2 price has a positive impact on CEZ profitability

CEZ HEDGES ITS GENERATION REVENUES THREE YEARS AHEAD IN LINE WITH STANDARD POLICY

Share of Hedged Production of CEZ* Facilities as of Dec 31, 2019
(100% of deliveries in 2020–2023 corresponds to 54–56 TWh)



Predicted realization price of generated electricity in Czechia in 2020 (as of Mar 17, 2020):

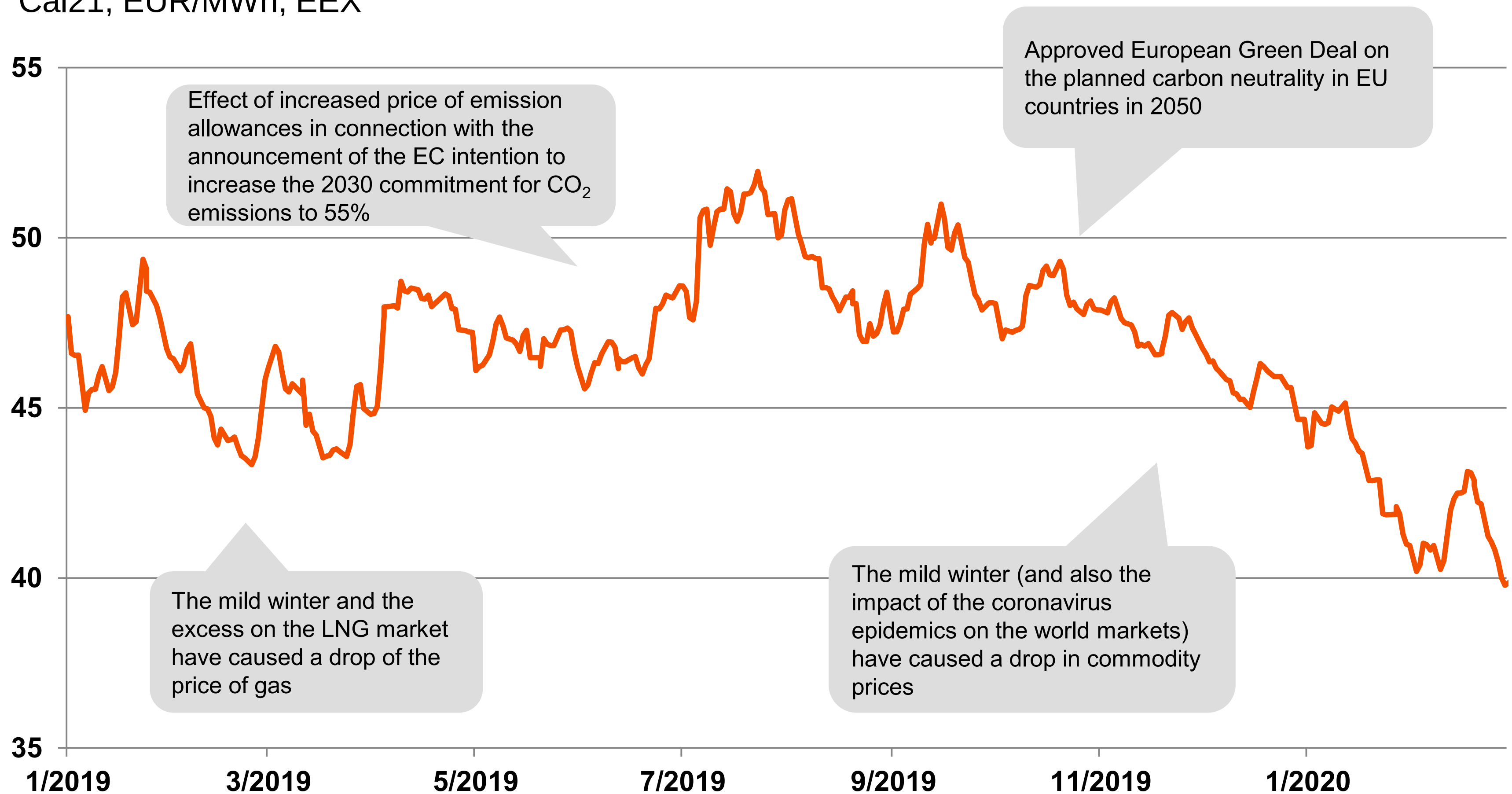
- Expected average realization price of generated electricity is approx. **EUR 45 / MWh**.
- This is the result of hedges from past years, deals made in 2020, and the current market valuation of remaining, still unsold, estimated generation in 2020.

* ČEZ, a. s. including the Energotrans, Počerady and Dětmarovice
** The average purchase price of EUA in 2020 (14.5 EUR/t) includes allowances allocated under derogations (with zero value).

ELECTRICITY PRICE HAS DECREASED BY NEARLY 20% AFTER A PERIOD OF RELATIVE STABILITY IN 2019

Development of Electricity Price in Germany (Jan 2, 2019 - Feb 28, 2020)

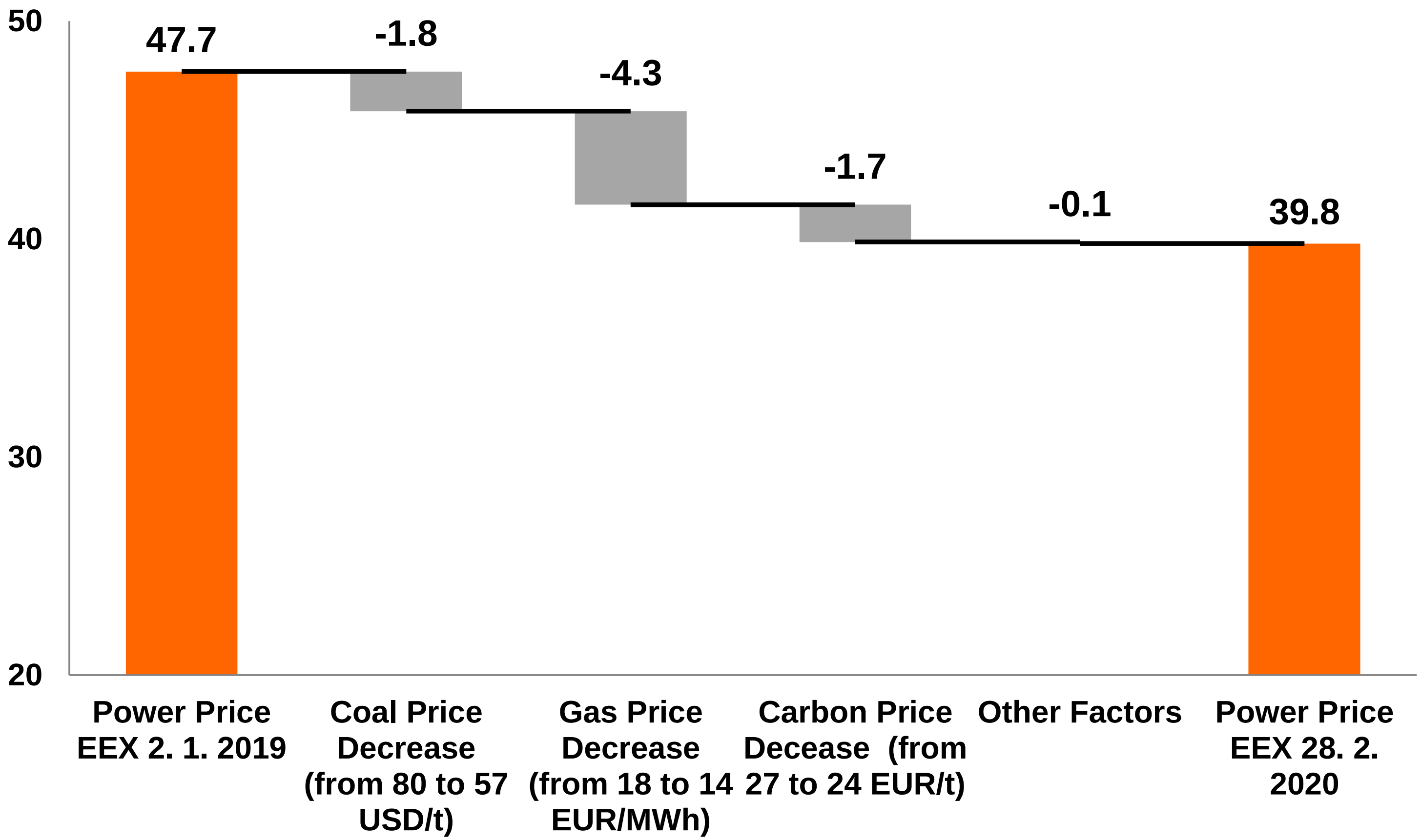
Cal21, EUR/MWh, EEX



ELECTRICITY PRICES HAVE DROPPED MAINLY DUE TO THE DECREASED COMMODITY PRICES IN Q1 2020

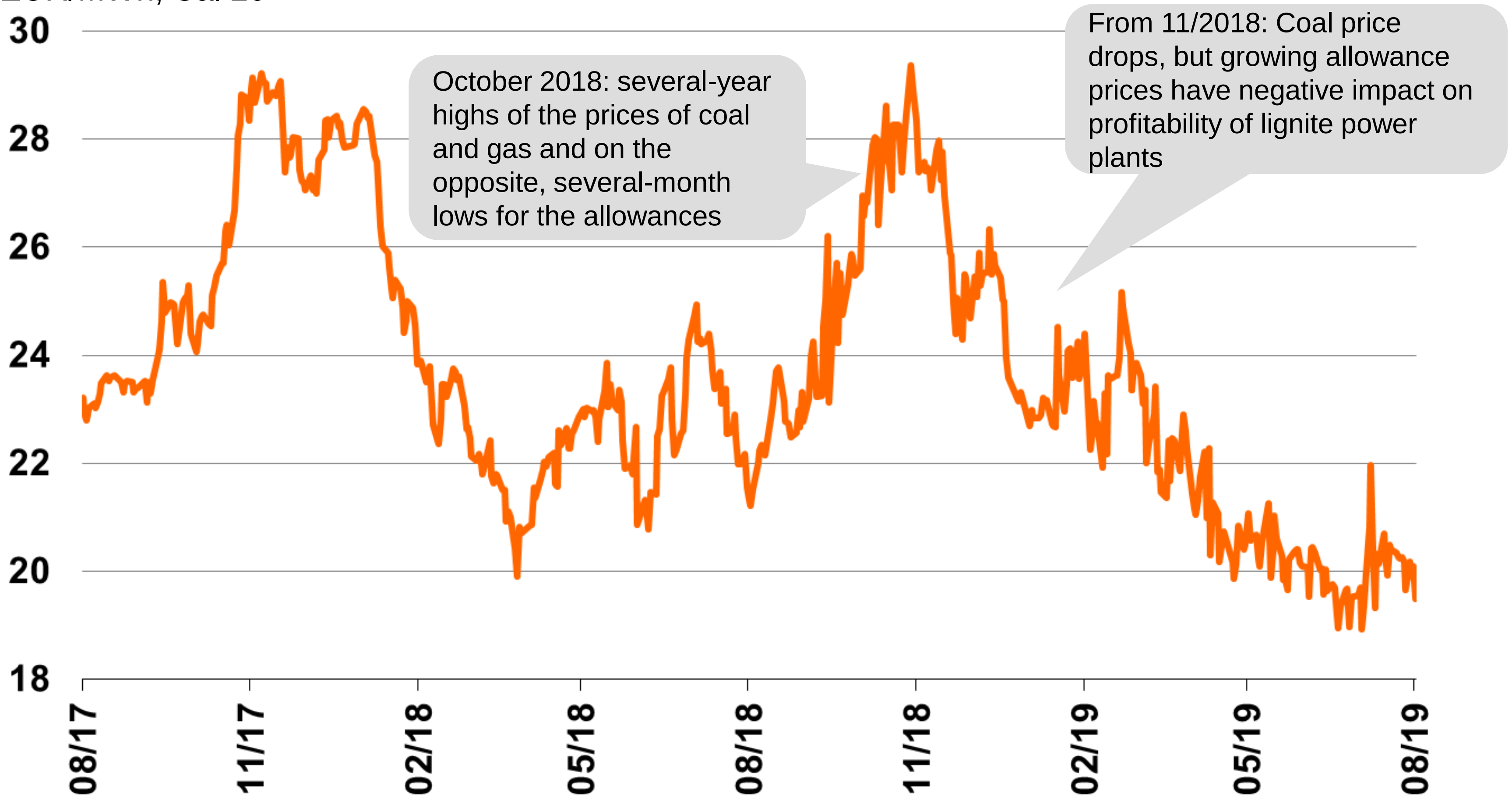
Breakdown of changes in electricity prices (Jan 2, 2019 - Feb 28, 2020)

Cal21, EUR/MWh, EEX



HIGH PRICE OF CO_2 PRICES PUTS COAL POWER PLANTS ARE UNDER ECONOMIC PRESSURE

Lignite spread (Price of electricity – emission allowance)
EUR/MWh, Cal 20

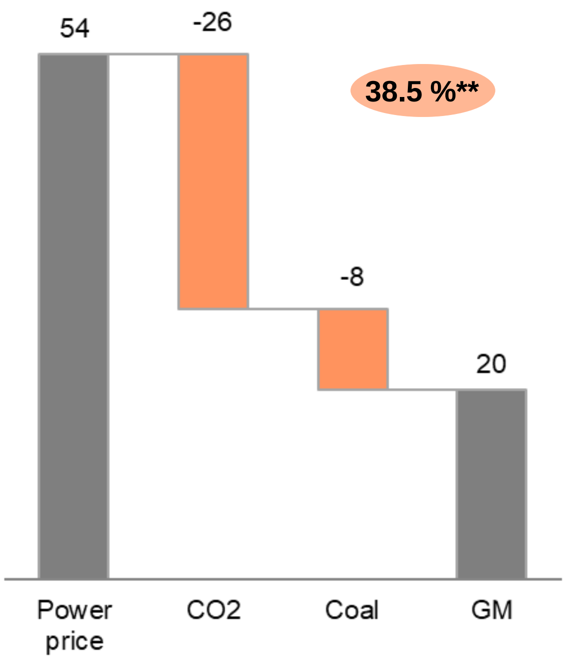


 Note: For 33% power plant efficiency

PROFITABILITY OF LIGNITE PLANTS IS HIGHLY DEPENDENT ON THEIR EFFICIENCY AND INTEGRATION WITH MINE

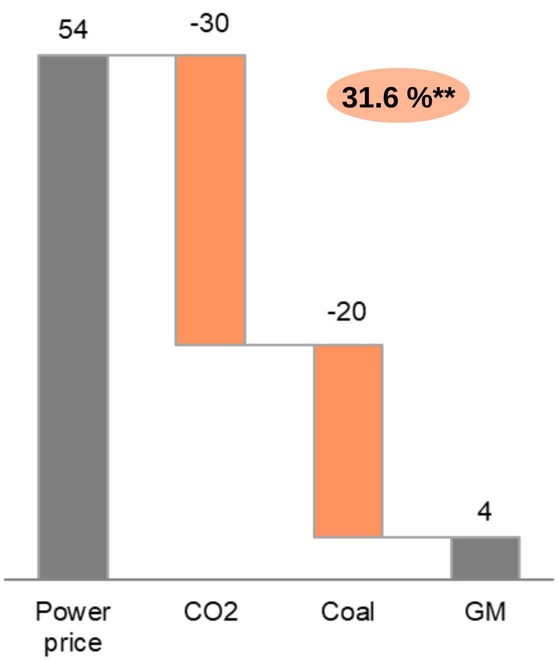
New power plant integrated with mine

Gross margin** [EUR/MWh]



Old standalone power plant

Gross margin** [EUR/MWh]



Standalone coal power plants are still **under significant economic pressure** and are very sensitive to requirements set by the emission reduction legislative (BREF/BAT) and other external factors.

The economy of power plants integrated with mine is more robust.

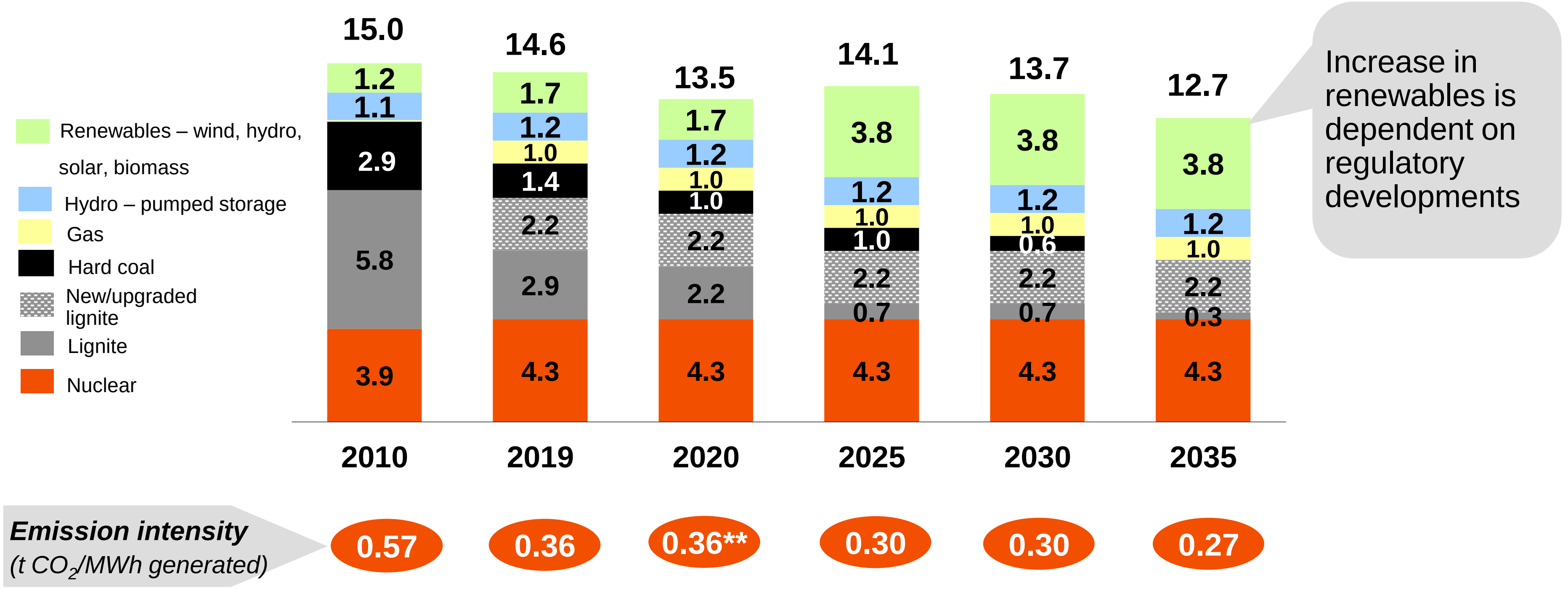
Apart from the above mentioned illustrative gross margin, **it is also necessary to cover other variable costs and fixed costs** (wages, maintenance and other items excluding depreciation) in the amount of **8-15 EUR / MWh** depending on the type, age and capacity of the plant.

Note: The gross margin also needs to cover investments, the amount of which depends on technical condition and especially on changing regulation and legislation (e.g. emission limits)

 Note: *Gross margin excluding other variable costs; includes coal mining margin for integrated plants **Netto efficiency of electricity production

CEZ GROUP'S CO2 EMISSIONS INTENSITY TO DECLINE AS A RESULT OF CLOSURES OF OLD LOW-PROFIT COAL UNITS AND GROWTH OF RENEWABLES

Expected development of installed capacity (GW)*



- CO2 emission intensity to decrease by another 22% from 2018 levels.
- Upgraded portfolio contains highly efficient Tušimice (39%), Prunéřov (40%) and Ledvice (42.5%) power plants.
- Closures of old lignite and hard coal units not supplied by our own coal, i.e. units with low profit will result in decrease of the total installed capacity.
- Capacity of nuclear increased by 0.5 GW in 2009-13 enabling additional 3.8 TWh of carbon free production.

* Includes existing pipeline of RES projects untill 2025. Growth ambition in renewables is not included

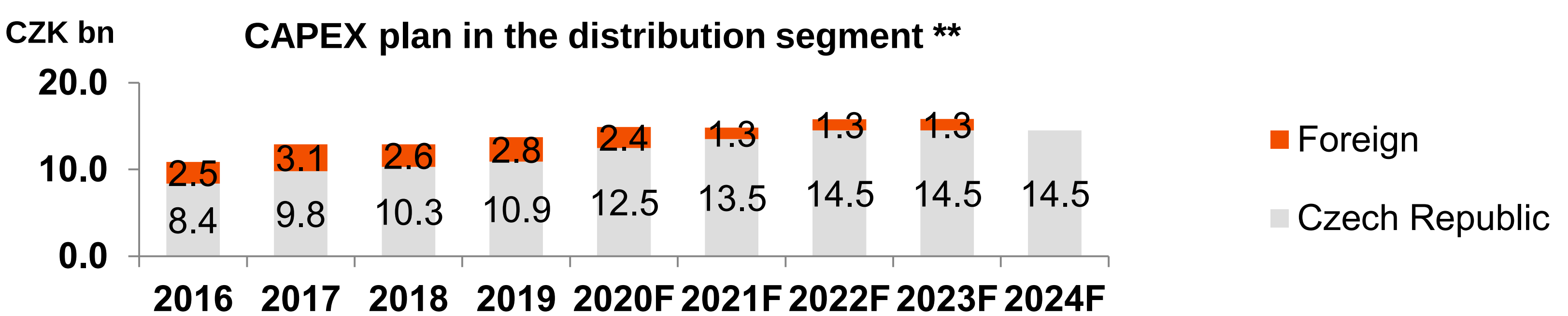
** Part of phased-out power plants will be producing power during the year 2020

AGENDA

IN 2019 CZECH DISTRIBUTION MADE UP FOR 29% OF CEZ GROUP EBITDA, TRANSPARENT REGULATION INCENTIVISES HIGHER INVESTMENTS

Overview of 2020 regulation parameters and 2019 EBITDA contribution

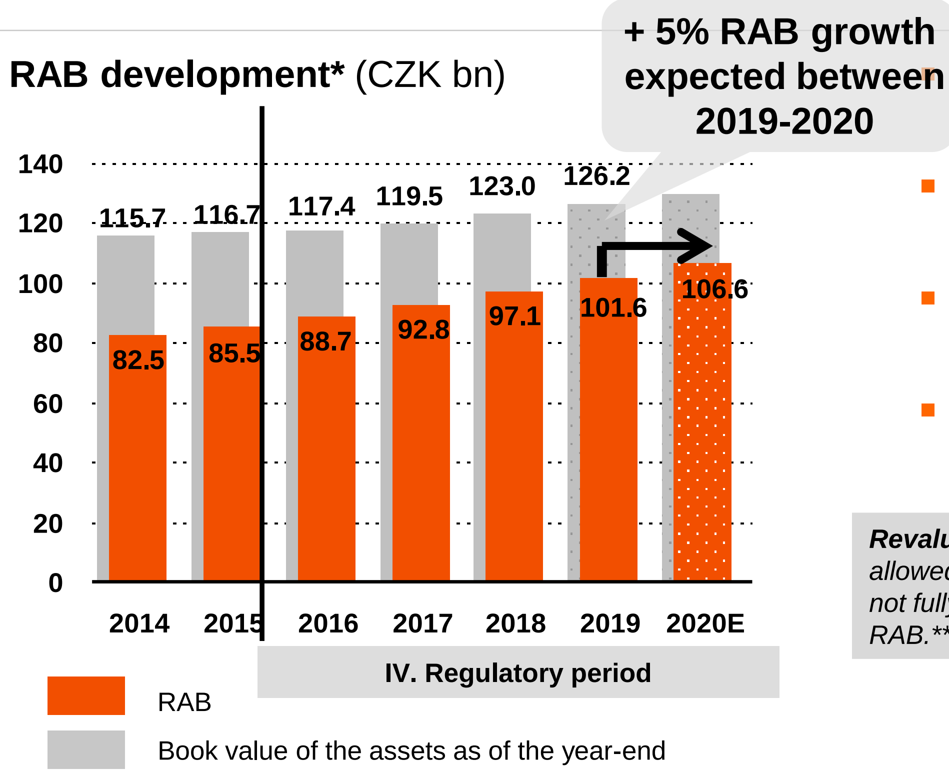
	Czech Republic 2020	Romania 2020	Bulgaria 2020
RAB (local currency m)	106,587	2,342*	588
RAB (€ m)	4,195	490	300
WACC pre-tax	7.951%	6.9%	6.67%
Regulatory period	2016 – 2020	2019 - 2023	2018 - 2021
2019 EBITDA (CZK bn)	17.5	1.5	1.5



EUR/CZK = 25.41 EUR/BGN = 1.96 EUR/RON = 4.78 * RAB value updated by inflation clause every year
** Romania not included from 2021 and Bulgaria from 2024 due to expected divestment

CZECH REPUBLIC - RAB GROWS AS A RESULT OF POSITIVE NET CAPEX AND CLOSING GAP BETWEEN RAB AND ASSET BOOK VALUE

RAB development* (CZK bn)



- Investments above depreciation lead to growth of the Regulatory Asset Base (RAB)
- Initial value of RAB was set at lower amount than the book value of assets.
- Currently there is approx. 20% gap between RAB and the book value
- Revaluation coefficient** reduces initial RAB discount to asset book value.

Revaluation coefficient: *allowed depreciation is not fully deducted from RAB.***

Correction factor *to reflect planned and actual CAPEX (usual impact in tens of millions) and to reflect transfer of assets to another company.*

RAB formula:

$$RAB(y) = RAB(y-1) + Investments(y) - Depreciation(y) \times \frac{RAB(y-1)}{NBV(y-1)} + Correction\ factor(y)$$

Public consultation of new regulatory parameters for 5th regulatory period started in August 2019. The public consultation ended in February 2020. Final regulatory principles will be published probably in May 2020.

 ** Actual values for 2014 – 2019, planned values for 2020 ** In 2019 the revaluation coefficient was 80%.*

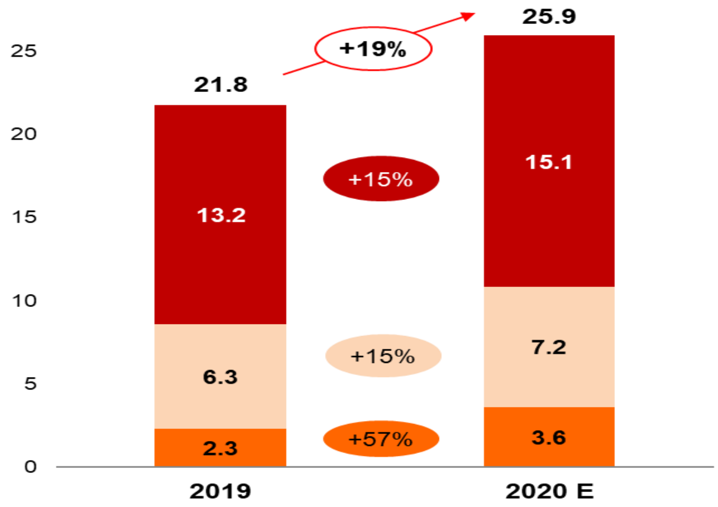
AGENDA

WE SEE LONG-TERM OPPORTUNITINIES IN GROWING ENERGY SERVICES SEGMENT

The potential for CEZ Group's dynamic growth in ESCO is amplified by the EU countries' commitment to major energy savings by 2030.

- We estimate investment costs needed for the fulfilment of the EU energy efficiency directive until 2030 (derived from GDP growth) at **approx. EUR 600bn in Germany** and **approx. CZK 700bn in the Czech Republic**.
- However, high demand for ESCO services in the future is primarily guaranteed by attractiveness for customers: **projects effectively pay for themselves from savings (they do not need subsidies)** and new technologies provide customers with greater comfort and modern functionalities.

Our ambition for 2020 is increase of ESCO revenues to close to CZK 26 bn



Germany (+15%)
+ Organic growth and new acquisitions in 2019

Czechia & Slovakia (+15%)
+ Organic growth and new acquisitions by ČEZ ESCO in 2019

Other Countries (+57%)
+ Organic growth in Poland and Romania, new acquisitions in 2019

** Data for all ESCO entities correspond to estimated figures January to December 2019, adjusted for specific effects; Globally, they are indicative values aimed to illustrate the size of the ESCO portfolio and its future growth.*

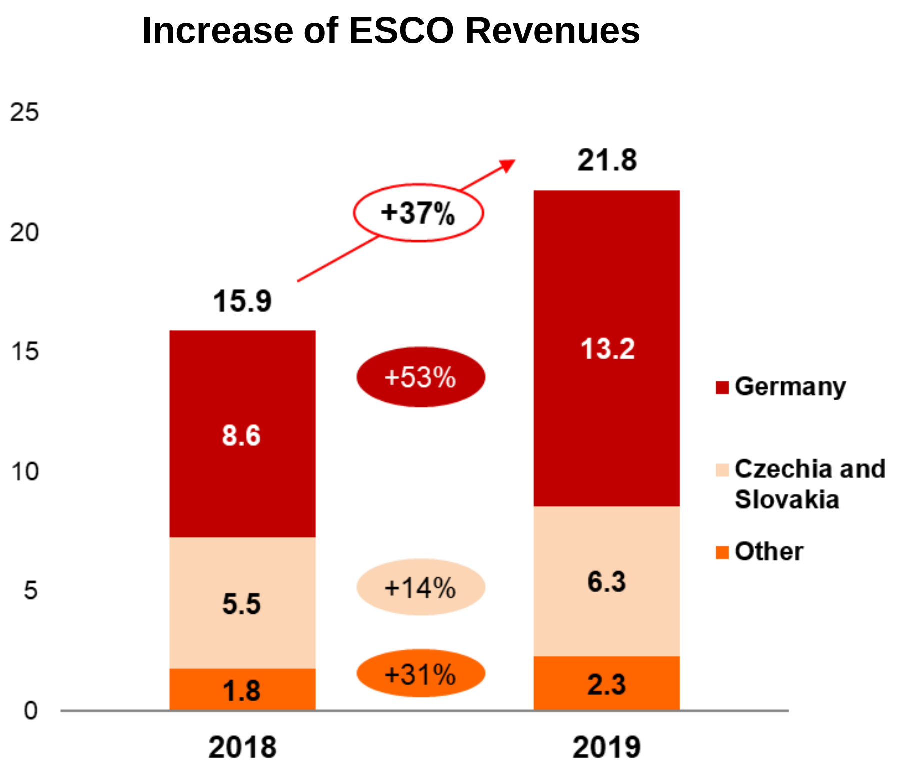
IN 2019 ESCO REVENUES GREW BY 37% TO ALMOST CZK 22 BN THANKS TO BOTH ORGANIC GROWTH AND ACQUISITIONS

Czechia and Slovakia

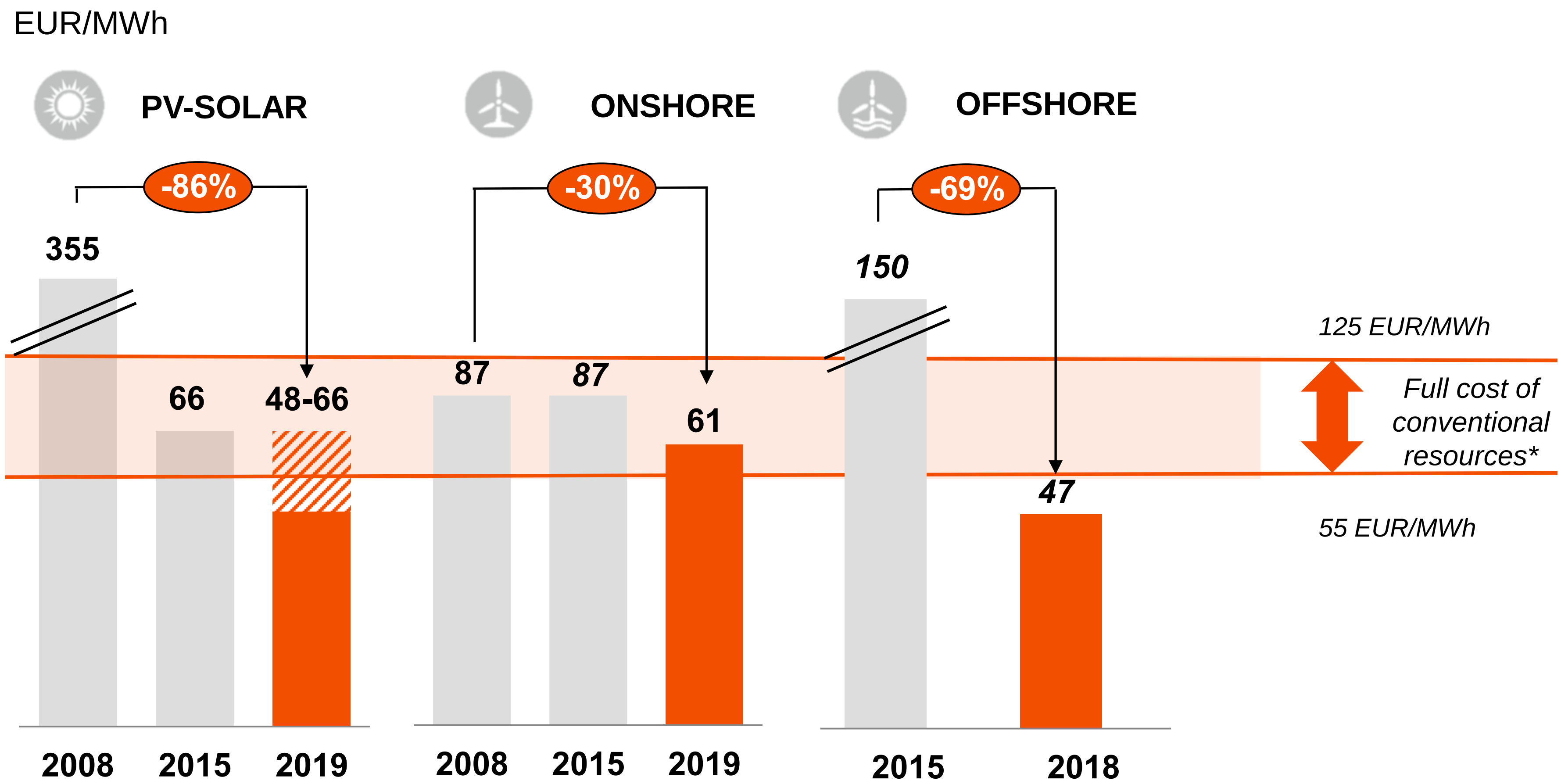
- **The ESCO Group acquired a** 51% share in the Slovak company **e-Dome**, and a 100% share in the Czech company **HA.EM OSTRAVA**.
- ESCO CR and SR now includes **16** subsidiaries with **1,900 employees**.
- In the **5 years** of activity the group supplied **21 thousand** orders.
- ČEZ ESCO operates **132** co-generation units in **78** localities.

Abroad

- In Germany:
  - Elevion Group **acquired** a 100% share in **Hermos Group** and a 100% share in **En.plus, H & R Elektromontagen, FEA Automation, Detlef Walther, Kälteanlagenbau Schröder, GBM Gesellschaft für Büromanagement** and **Elektro-Technik-Pfisterer**,
  - Kofler Energies Group **acquired** a 100% share in **GWE**
- Kofler Energies Group **acquired** in Italy a 100% share in **SYNECO Group** and a 70% share in **BUDRIO**.
- In Poland a 76% share was acquired in the Polish company **Euroklimat**.
- **In Germany** ESCO provides services through its **3,000 employees**.
- In **Poland** and **Romania** CEZ Group employs **600 people**.



CEZ INTENDS TO EXPAND ITS INVOLVEMENT IN RENEWABLES, WHICH ARE ALREADY COMPETITIVE WITH CONVENTIONAL GENERATION



 * Source: BNEF

CEZ SUSSESFULLY OPERATES WIND FARMS IN ROMANIA AND GERMANY, IT HAS SIGNIFICANT PIPELINE ALSO IN FRANCE

Romania

- The largest European on-shore wind park - **600 MW** operated since 2010.
- Operating support in the form of green certificates for 15 years

Germany

- **133.5 MW** operated since 2016, operating support in the form of a 20-year feed-in tariff with average 89 EUR/MWh (flat)

Pipeline in France, Germany and Poland

- Stakes in projects with a potential installed capacity of up to **565 MW** acquired in Germany, France and Poland. The projects will participate in the auctions and are expected to be operational by 2025

CEZ operates 742 MW of wind farms and has additional pipeline of 565 MW
CEZ expects to develop the pipeline to „ready-to-build" phase and then decide if to sell or construct and operate them

* Including wind capacity in Czechia 8.2 MW

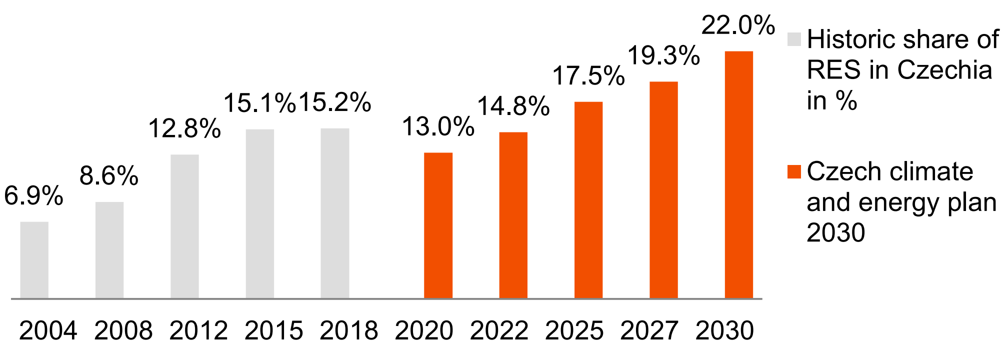
NEW OPPORTUNITIES IN RENEWABLES ARE EMERGING IN THE CZECH REPUBLIC

- Czech **climate and energy plan envisages significant increase in the share of production from renewables from 13.0% in 2020 to 22% in 2030.**
- Czech government intends to introduce the **Modernization Fund, which should provide investment subsidies for renewables**, energy efficiency and emission reductions. The proposal was approved by the Chamber of Deputies on 8th November 2019, is still subject to the approval by the Senate.

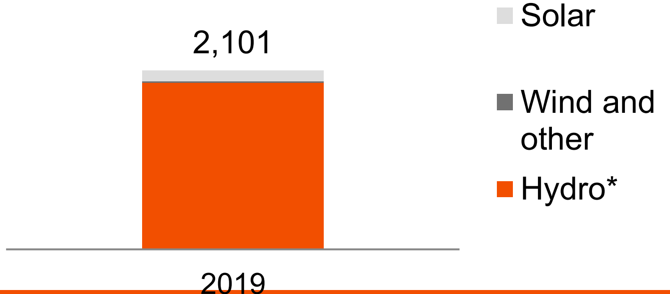
CEZ aims to remain leader in the Czech Republic also in the renewables segment

Competitive advantages

- deep knowledge of the market and construction process regulations
- ownership of land suitable for first renewable projects



CEZ capacity in renewables in Czechia in MW



* Out of that 1170MW pumped storage

NEW ENERGY SECTOR
SELECTED EVENTS 2019

Renewable Generation

- The Polish project of construction of a wind PP farm at Krasin (35.2 MW) obtained a contract for support of electricity generation for 15 years in the form of the “Contract for Difference” in an auction for RES held on Dec 5, 2019.
- Decrease of equity by the Romanian companies Tomis Team S.A. and Ovidiu Development S.R.L. on Dec 13, 2019 resulted in the capital return to the shareholders of the companies. ČEZ, a. s. received a cash amount of CZK 2.5 bn.

Energy Storage – Large-Capacity Battery at Tušimice Launched

- Dec 13, 2019 - a large-scale battery system for energy storage and testing of various modes of ancillary service provision for the Czech grid (including but not limited to primary regulation of frequency) was launched
- Installed capacity 4 MW, storage capacity 2.8 MWh, life expectancy minimum ten years
- Connection en bloc with the existing 200 MW turbo generator of Tušimice II PP certified for provision of frequency regulation is an advantage
- The implementation was based on a joint research project of ČEZ and ČEPS

Investment fund Inven Capital

- **Sale of its stake** in sonnen, a battery system manufacturer; this was the first sold investment of the fund; the selling price was about two times the purchase price.
- **New/increased investments**

CYBERX
- An Israeli company providing comprehensive solutions for industrial cybersecurity.

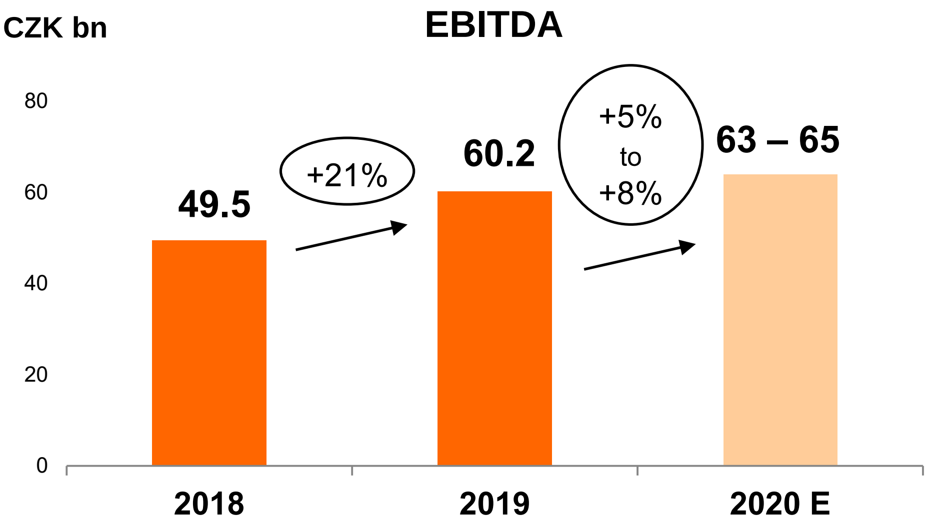
Neuron soundware
- A Czech technological company, which developed a complex solution of sound analysis enabling predictions of machine failures

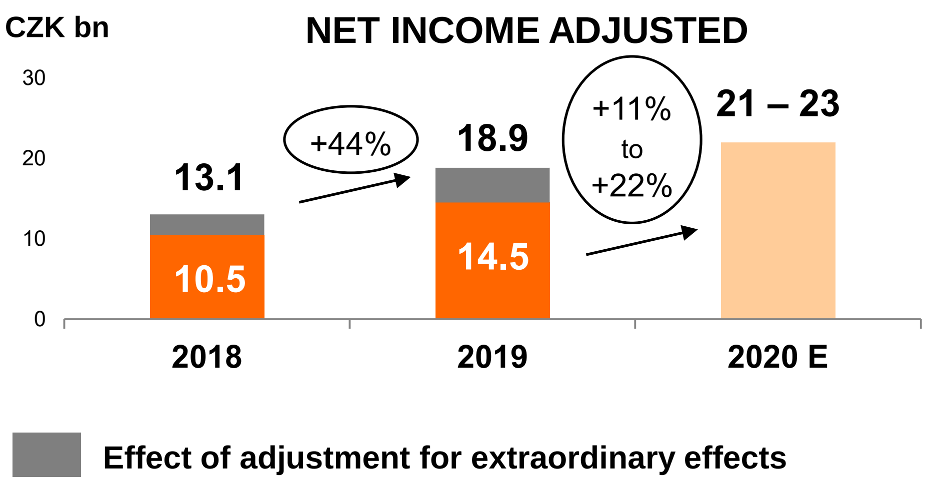
ZOLAR
- A German company, whose online configurator enables to purchase photovoltaic panels with battery according to customers specifications via Internet; it also installs this equipment through external companies, which are consolidated to its digital platform

vulog
- Convertible loan provided to existing VULOG company (loan can be converted to higher investment in the company)

AGENDA

FINANCIAL TARGETS FOR 2020: EBITDA AT CZK 63 TO 65 BN, NET INCOME AT CZK 21 TO 23 BN





Main year-on-year effects (2020 vs 2019):

- Growth of Traditional Generation segment by CZK 1-2 bn
  (Higher realization prices of the generated electricity incl. hedging effects more than offset higher expenses on emission allowances for generation and lower expected profit from commodity trading in connection to extraordinary high profit from trading in 2019)
- Growth of Sales segment by CZK 1.5-2 bn
  (Growth ambitions in energy services and non-existence of negative court decision under which the payment of SŽDC's debt to ČEZ Prodej from 2010 had to be returned in 2019)
- Growth of Distribution segment by CZK 0.3 – 0.7 bn
  (mainly higher gross margin both abroad and in Czechia)

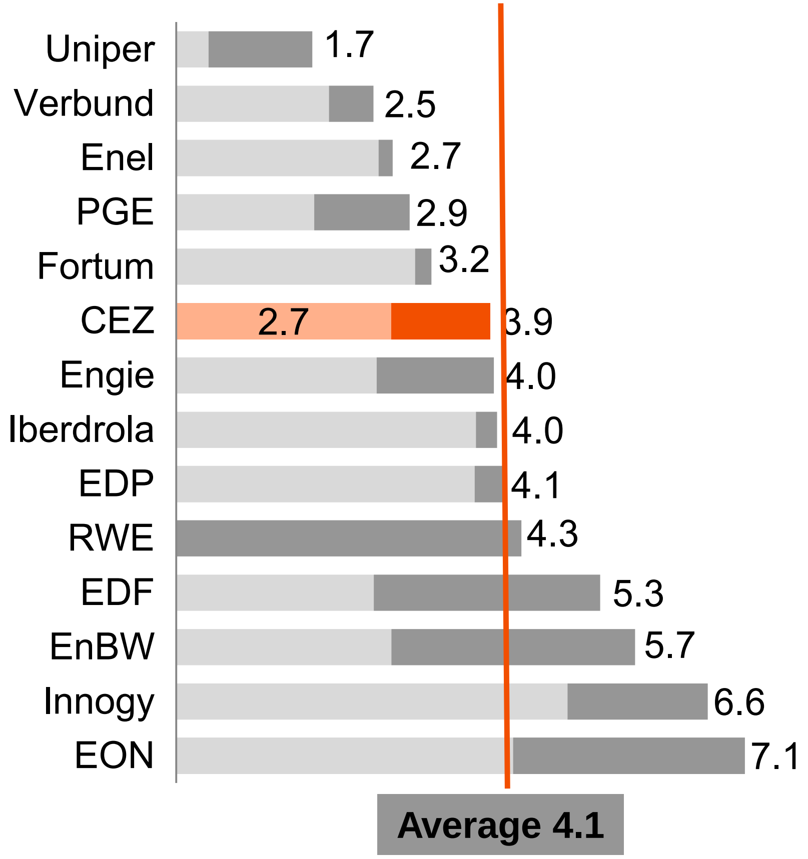
Selected prediction risks and opportunities (reasons for the interval):

- Availability of generating facilities
- Realization prices of generated electricity
- Profit from trading in commodities and revenues from ancillary services of the generation portfolio in the Czech Republic
- New ESCO development acquisitions

The values of adjusted net income exclude extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as fixed asset impairments and goodwill depreciation); see the Annex for a detailed indicator definition and calculation method.

CEZ TARGETS ITS LEVERAGE RATIO OF NET FINANCIAL DEBT/EBITDA BETWEEN 2.5x AND 3.0x

Net economic debt/ EBITDA*
2019



*EBITDA as reported by companies, ** Net economic debt = net financial debt + net nuclear provisions + provisions for employee pensions + net reclamation provision

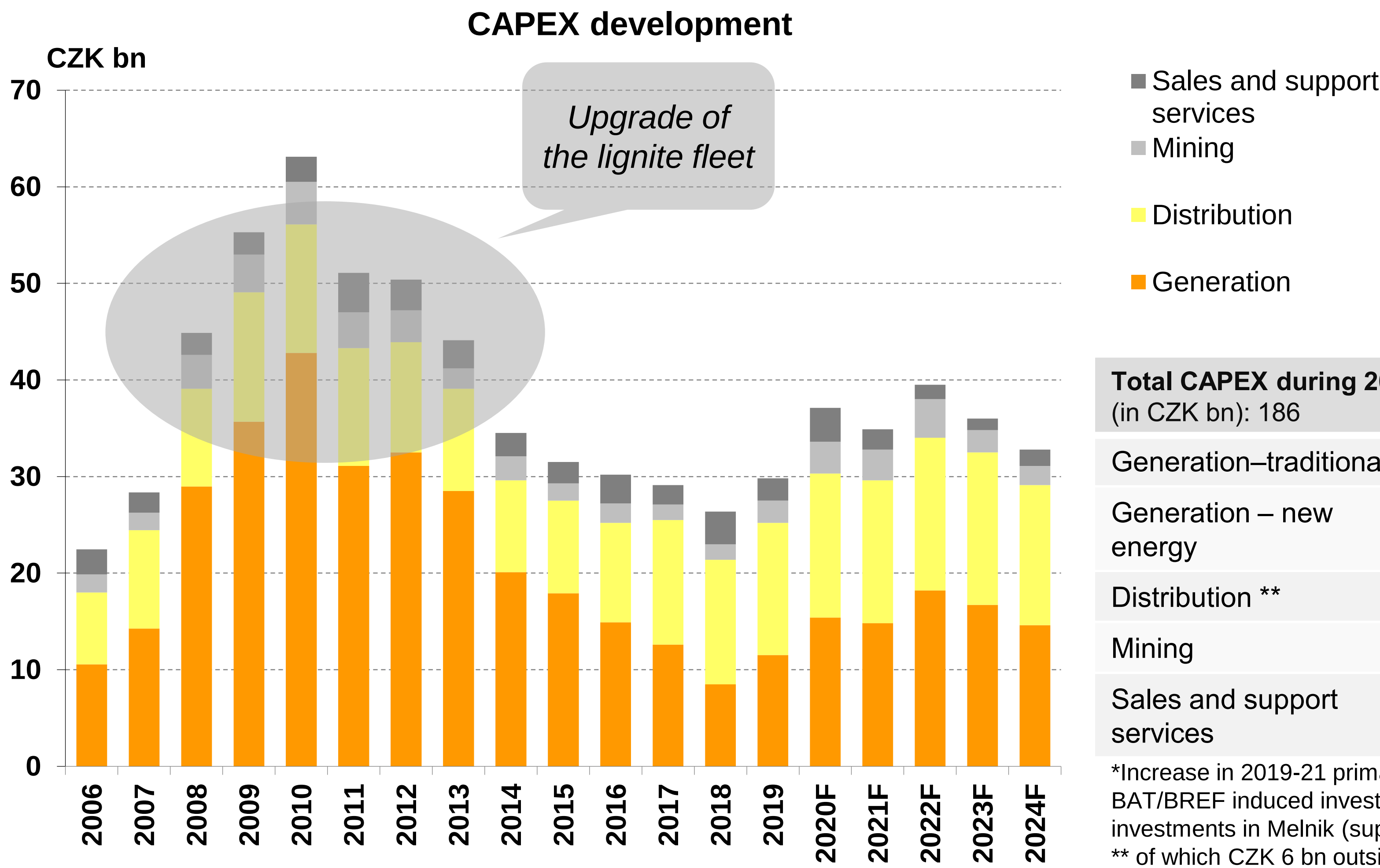
Current credit rating

- A-, negative outlook from S&P
- Baa1, stable outlook from Moody's

Tolerated leverage

- net financial debt/EBITDA ratio at 2.5-3.0x

AVERAGE CAPEX IN 2020-24 IS ANTICIPATED AT CZK 37 BN A YEAR

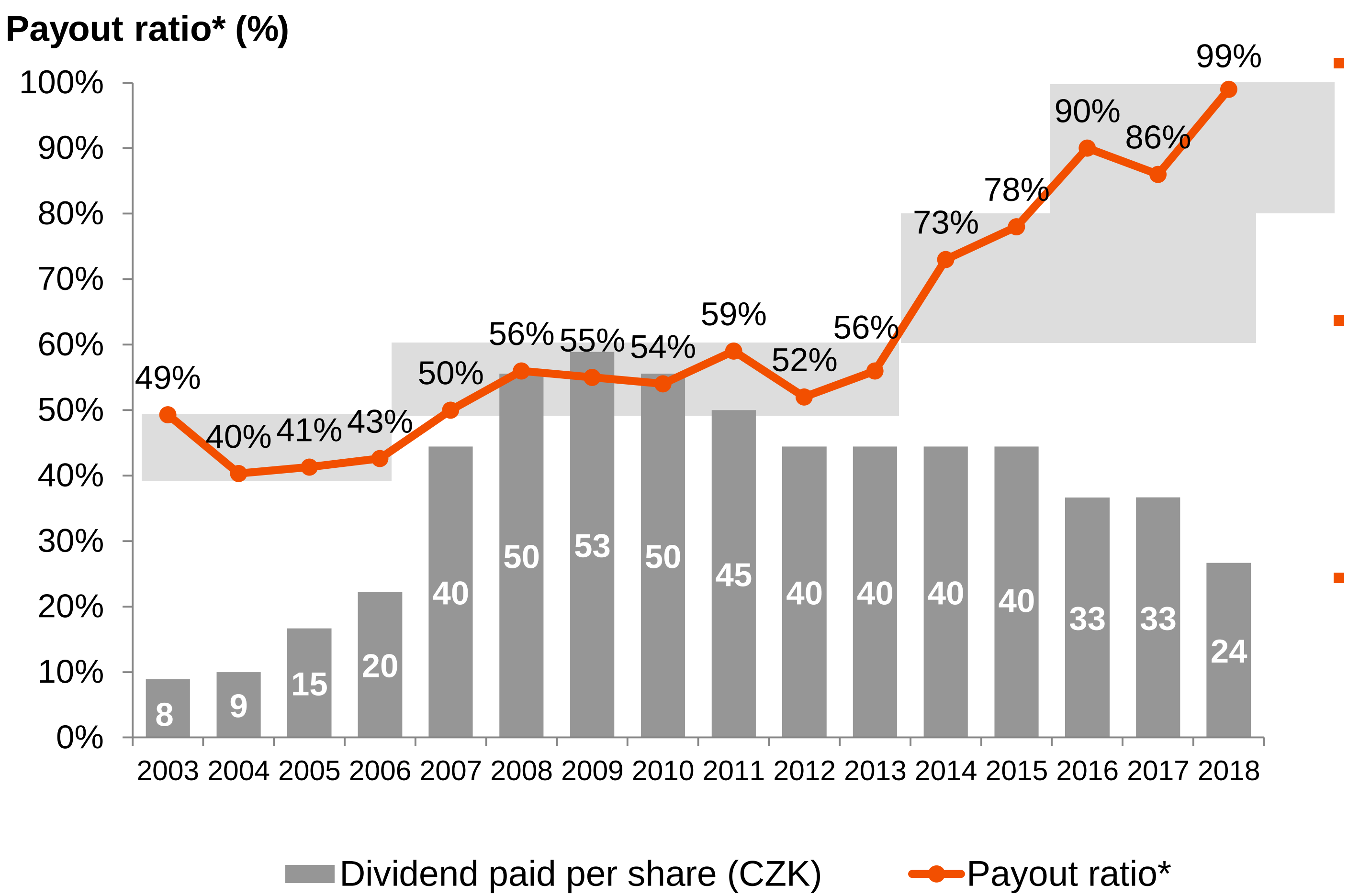


Total CAPEX during 2020-2024 (in CZK bn): 186	
Generation–traditional*	74
Generation – new energy	6
Distribution **	76
Mining	15
Sales and support services	15

*Increase in 2019-21 primarily given by BAT/BREF induced investments and investments in Melnik (supply of heat to Prague)
** of which CZK 6 bn outside Czech Rep., excludes Bulgaria from 2020

 Note: New strategy not reflected in CAPEX forecast yet

DIVIDEND POLICY IS TO DISTRIBUTE 80 – 100 % OF ADJUSTED NET INCOME



- On May 27, 2019 Board of Directors approved new **dividend policy of 80-100% payout**
- General meeting on June 26, 2019 approved **2018 dividend** of **CZK 24 per share**
- Dividend payment started on August 1st, 2019

* As percentage of adjusted net income

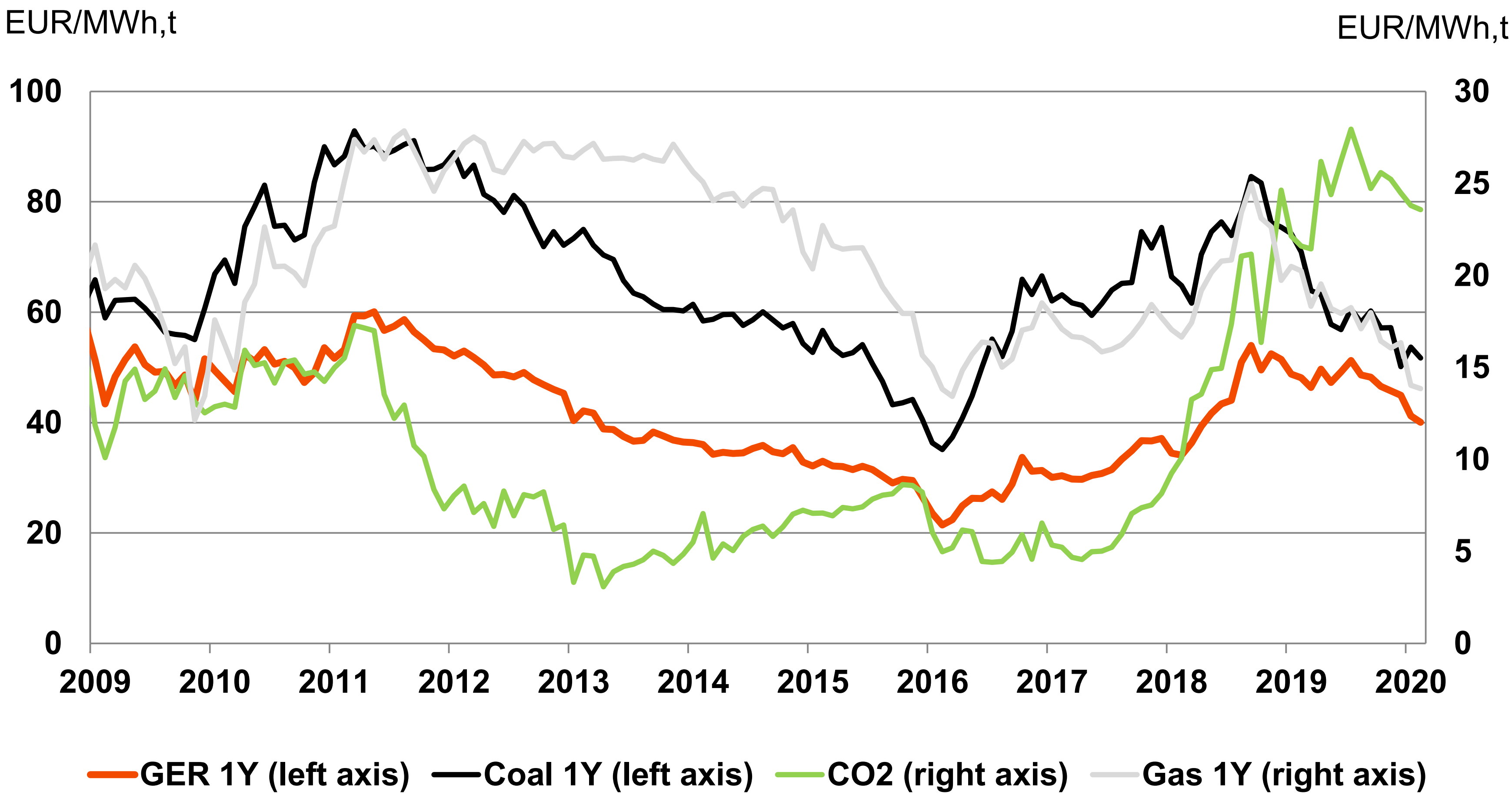
AGENDA

SUMMARY AND INVESTMENT HIGHLIGHS

- **CEZ is operating renewed low cost and profitable generation fleet**
  - CEZ is positioned for upsides in profitability due to high CO2 and/or hard coal prices
  - CEZ's strategic priority is to maintain efficient operations, optimal utilization and development of generation portfolio
  - CEZ has measures in place to maintain nuclear (CO_2 free) output at and above 31 TWh
  - As part of CEZ's sustainable development strategy "Energy for the Future", CEZ is committed to generating carbon neutral electricity before 2050
- **CEZ expands energy services offering, distributed energy and renewables in Central/Western Europe**
  - CEZ is increasing its investments into distribution
  - CEZ aims to become a leading player in energy efficiency solutions
  - CEZ wants to grow its presence in domestic renewables
- **Financial summary**
  - Dividend approved at CZK 24 per share from 2018 earnings, i.e. 99% of adjusted net income. Dividend policy: 80-100% payout ratio
  - Strong Credit Rating and Leverage target of Net Financial Debt/EBITDA between 2.5x and 3.0x

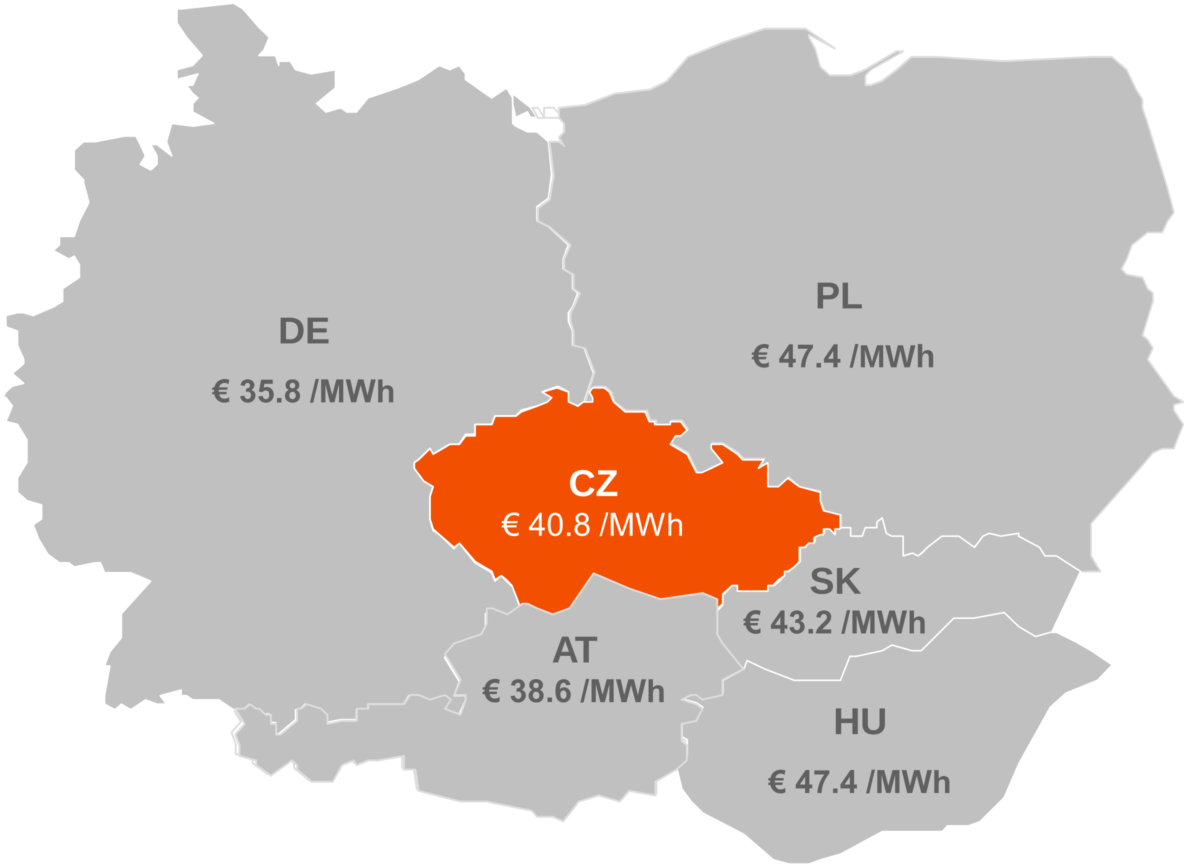
AGENDA

HISTORICAL DEVELOPMENT OF PRICES OF INPUT COMMODITIES



Note: year ahead baseload deliveries, CO_2 – Dec delivery

ELECTRICITY MARKETS IN THE REGION ARE INTEGRATED, CEZ CAN SELL ITS POWER ABROAD

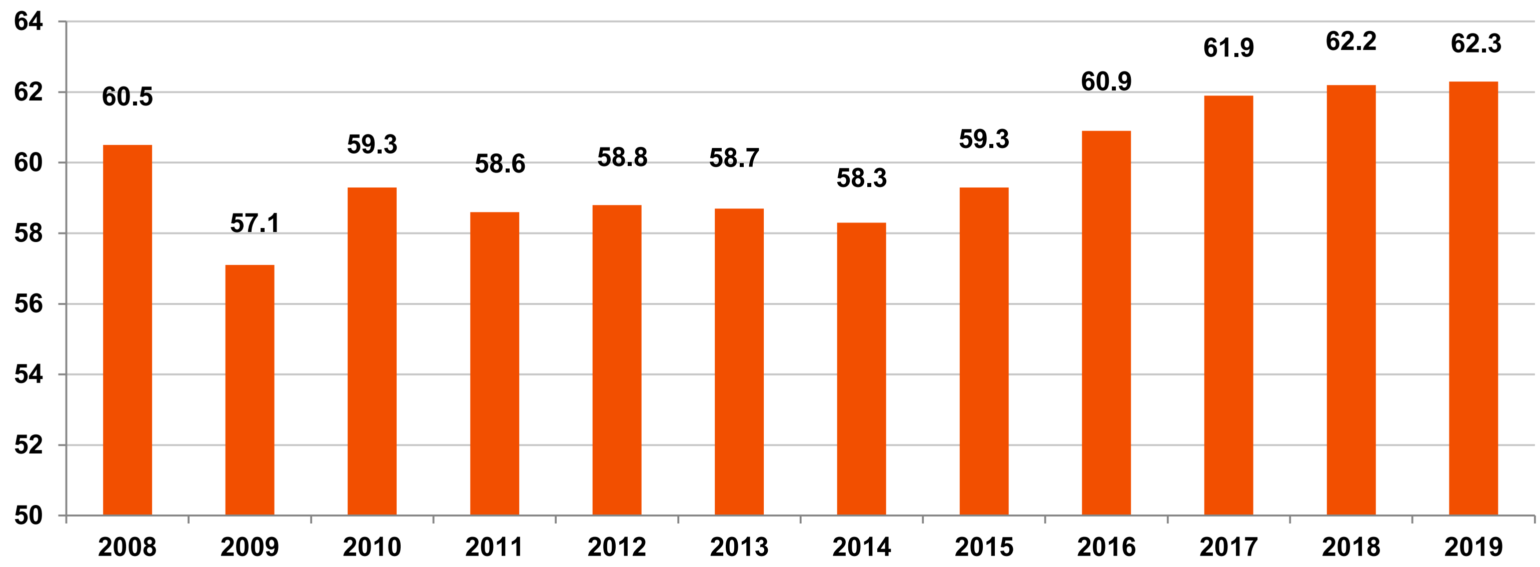


Source: EEX, PXE, TGE

 Note: Prices for 2020 baseload – as of April 3, 2020

CZECH ELECTRICITY DEMAND GREW BY 0.1% IN 2019

Net electricity consumption in the Czech Republic (TWh)

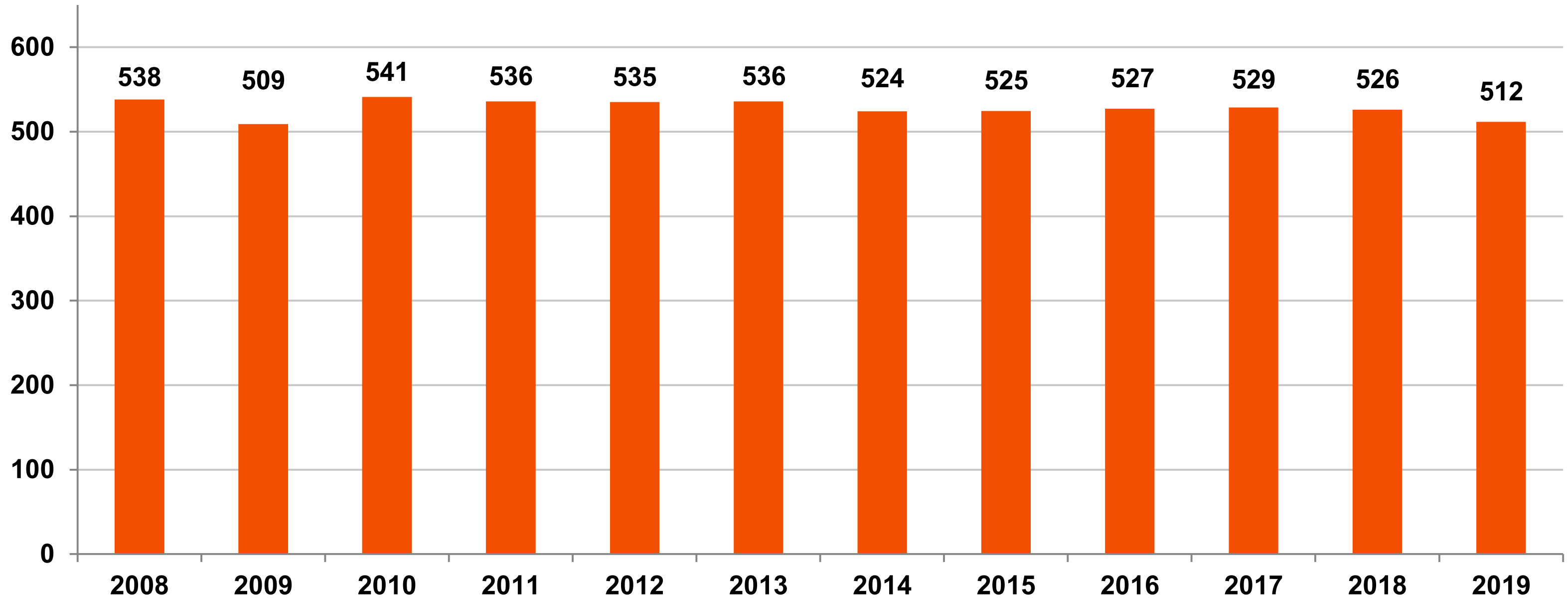


- **Consumption** in the Czech Republic grew **0.1% in 2019**, of which:
  - \- 1.1% large industrial companies
  - \+ 1.4% households
  - \- 0.5% small businesses
- **Consumption** in the distribution area of CEZ Distribuce* decreased by 0.3%
  - **-** 1.3% large industrial companies
  - \+ 1.8% households
  - \+ 0.0% small businesses

 Source: CEZ, ERU *5/8 of the Czech Republic

INDUSTRY WAS THE MAIN CAUSE FOR DECREASE OF GERMAN ELECTRICITY DEMAND IN 2019

Net electricity consumption in the Germany (TWh)

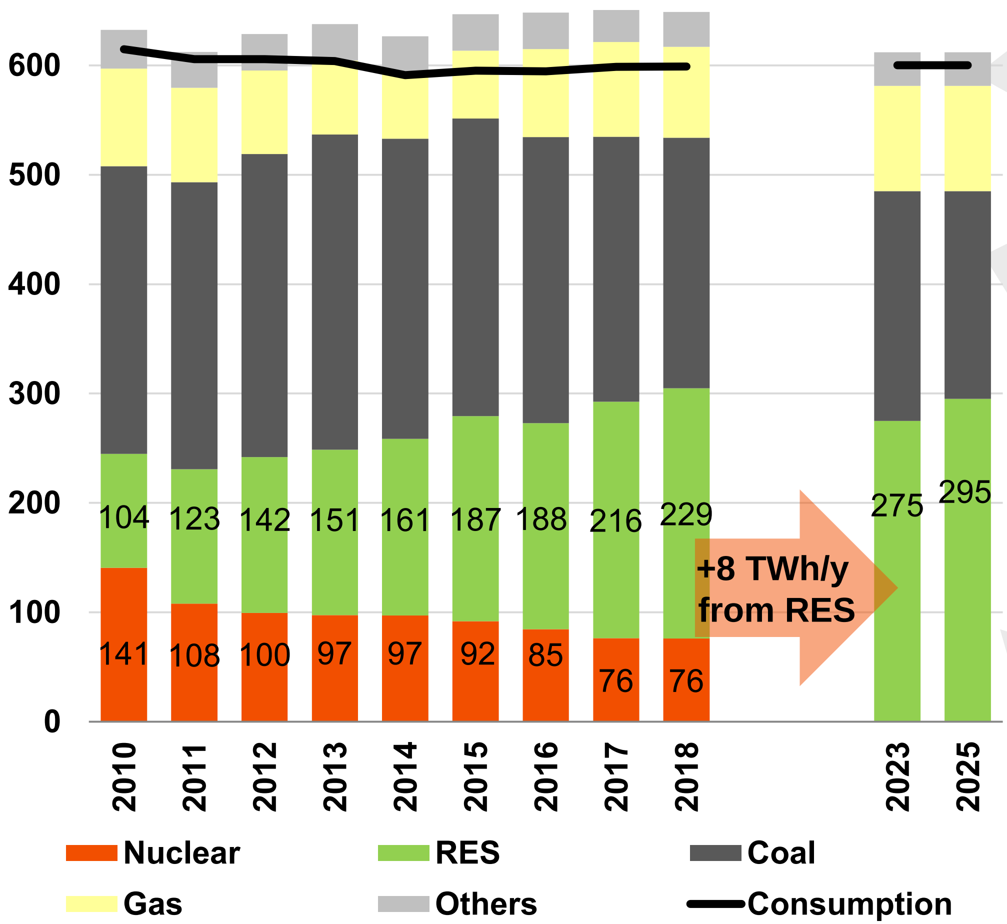


- **Net electricity consumption** in Germany has **decreased by 2.7 % in 2019 of which:**
  - \- 5.5% industry
  - \- 0.9% households
  - +0.0% trade, small businesses, public institutions and agriculture

 Source: BDEW, ag-energiebilanzen.de

RENEWABLE GENERATION GROWTH IN GERMANY WILL OFFSET PLANNED PHASE OUT OF GERMAN NUCLEAR AND COAL POWER PLANTS BY 2023…

Electricity energy balance in Germany
TWh/year, brutto



German consumption

- Long term stagnation
- Potential decrease due to Energy Efficiency Directive
- Most likely low support from EV; 2022 target: 1m cars ~ 2.5 TWh/year

German supply (2023 vs 2010)

- **Nuclear power plants phase out (Atomausstieg) :** –141 TWh from Nuclear
- **Energiewende :** +170 TWh from RES
- **Coal phase-out :** Germany plans to reduce coal capacity by ~ 9 GW to 30 GW in 2022, but coal generation should remain more or less stable until 2023 due to sufficient spare coal capacity

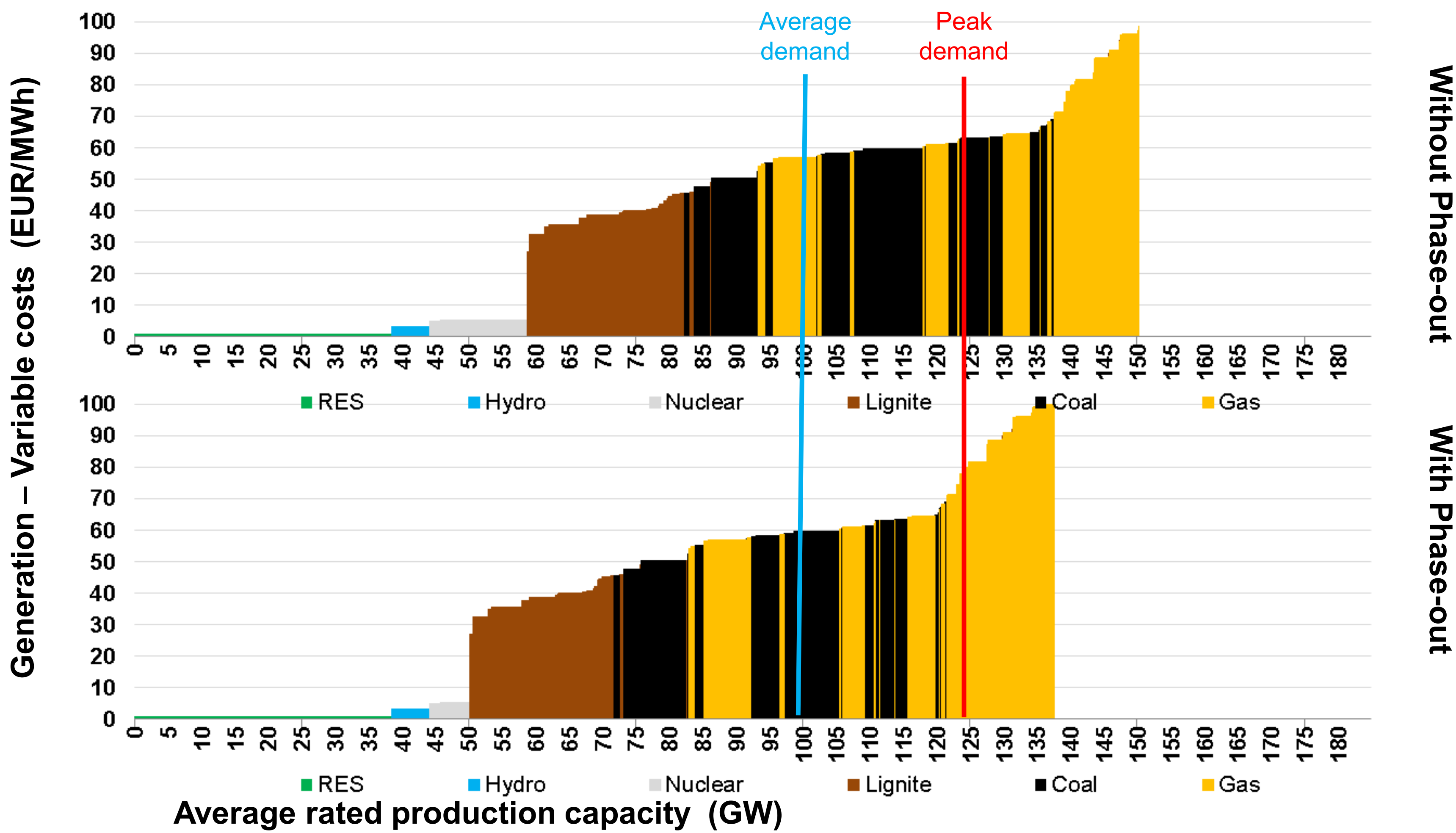
After 2023

- **Growth of RES volumes** based on plan. Annually displaces 1000 MW of coal from the market
- Germany aims at reducing its black- and brown-coal capacity to **30 GW** in **2022**, **17 GW** in **2030** and **phase out all its coal capacity** by **2038**

 Source: www.ag-energiebilanzen.de, and internal CEZ analyses, note: brutto values

...AND PRICE UPSIDE FROM THE GERMAN'S COAL AND NUCLEAR PHASE OUT MIGHT BE EXPECTED...

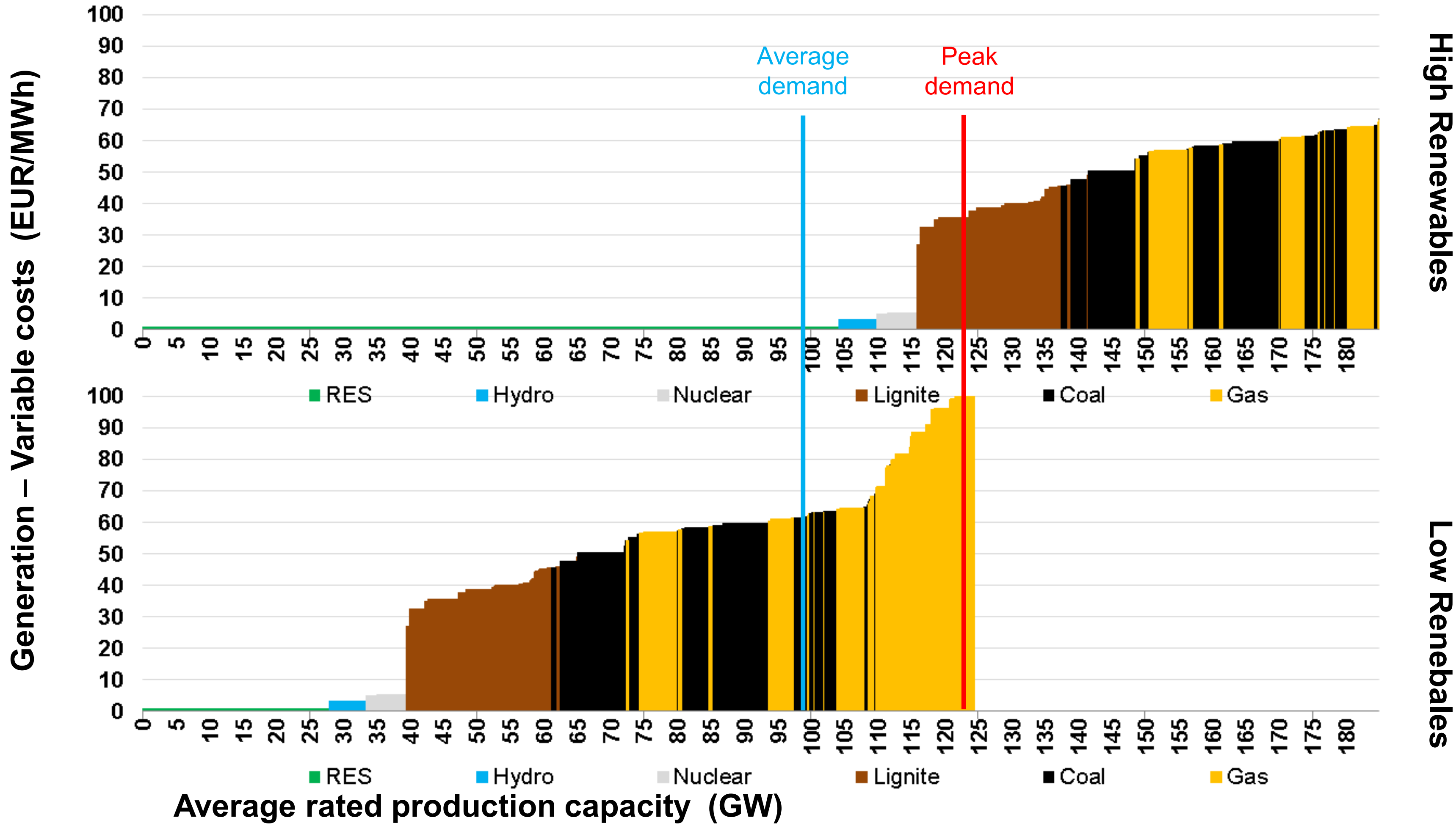
Illustrative cost curve for Central Europe 2023 with and without phase outs



*Commodity assumptions (2023): Coal 65 EUR/t, Gas 18 EUR/MWh, CO2 28 EUR/t, Peak demand equals sum of 95th percentile of hourly demands.

… RENEWABLES WILL BRING MORE VOLATILITY INTO THE MARKET

Illustrative cost curves for Central Europe 2023



*Rated capacity (High/Low): Renewables 60%/10% of Installed capacity, Other sources – annual average. Peak demand equals sum of 95th percentile of hourly demands

CEZ CONTEMPLATES SALE OF ITS DISTRIBUTION, SALES AND GENERATION ASSET EAST OF HOME MARKET

2018	Bulgarian assets (67% stake)	Romanian assets (100% stake)	Poland generation (100% stake)
2020 RAB (EUR m)	300	490	-
Installed capacity	-	600 MW wind 22 MW hydro	568 MW coal
Electricity generated/ distributed*	9.5 TWh	1.2 TWh/ 6.8 TWh	2.8 TWh
Number of sales customers	2.1 m	1.4 m	-
External revenues (CZK bn)**	16.5	13.3	4.6
EBITDA (CZK bn)	1.3	3.2	1.0
Net profit (CZK bn)	0.5	1.6***	0.2

Total contribution to CEZ Group (2018): CZK 5.5 bn EBITDA and CZK 34.8 bn revenues

Turkish assets are consolidated with equity method. CEZ owns 50% share in Akcez Enerji owner of distribution company SEDAŞ which distributed 9.7TWh of electricity to 1.8million customers in 2018. CEZ also owns 38% share in Akenerji Elektrik Űretim which owns 904 MW CCGT plant which generated 3.8TWh in 2018. Akenerji also owns 28 MW wind and 289 MW hydro power plants which generated 0.9TWh.

*electricity distribution to end-customers ** intersegment revenues excluded *** incl. +CZK400m of impairment of property, plant and equipment

CEZ GROUP CONTEMPLATES SALE OF ASSETS IN ROMANIA

Data for 2018:		Financials (2018, EUR m) Revenues	EBITDA	NI	Assets	Equity
Distributie Energie Oltenia Electricity distribution	• Connection points: 1.50 m • Distributed electricity* (GWh): 6,826 • 2019 RAB €462m • Network length: 79,206 km	174.5	61.7	11.6	598.8	428.5
CEZ Vanzare Electricity supply	• Customers: 1.39 m • El. sales* (GWh): 3,425 • Market share**: 6.8% • Gas sales (GWh): 1,085	251.9	7.4	5.1	88.7	17.8
Tomis Team & M.W. Team Invest On-shore wind	• 347.5MW in Fântânele (139 GE turbines) • Generation (GWh): 632 • Commissioned in 2010	70.9	25.3	20.5	436.6	396.0
Ovidiu Development On-shore wind	• 252.5MW in Cogealac (101 GE turbines) • Generation (GWh) 473 • Commissioned in 2012	48.5	22.7	20.3	332.4	318.4
TMK Hydroenergy Power Hydro plant	• 22 MW of capacity • Generation (GWh): 83 • Renovated in 2013	7.5	5.7	1.9	29.6	10.0
CEZ Romania	• Support services to the group	32.4	3.3	0.4	139.1	8.9

Note: Individual results for the purpose of CEZ Group consolidation according to IFRS, CEZ owns 100% of all subsidiaries in Romania,
* to end-customers, ** on sales volume by ANRE, CZK/EUR=25.725

CURRENT STATUS OF DIVESTITURE PROCESS OF FOREIGN ASSETS

ROMANIAN DIVESTMENT PROCESS

- On Sep 9, 2019 CEZ Group officially commenced the process of sale of Romanian assets held by the Group.
- The subject of the sale includes but is not limited to the distribution and sales company and the Fantanele and Cogealac wind PP parks.
- The first stage of the sales process was completed by acceptance of 19 non-binding offers. Submission and evaluation of selected binding offers is expected in Q2 2020.
- SPA contract award to the winning bidder and settlement of the transaction are expected in H2 2020.

BULGARIA

- The sales agreement with Inercom signed on Feb 23, 2018 was terminated on Apr 15, 2019, because the Bulgarian state's actions frustrated the fulfillment of conditions precedent and thus the performance of the agreement.
- After the negative attitude of the Bulgarian Anti-Monopoly Office (KZK), ČEZ continued with the tender and received two new, binding offers from Eurohold and India Power and assessed Eurohold's offer as the better of the two. On Jun 20, 2019 the SPA contract was executed with Eurohold for purchase of the Bulgarian assets worth EUR 335 million (corresponding to CZK 8.6 bn) and for takeover of intra-Group loans in their nominal values. The transaction was subject to approval by the Bulgarian Anti-Monopoly Office and subsequent approval by the Bulgarian Energy Regulation Office.
- On Aug 2, 2019 Eurohold filed an application for the transaction approval with the Bulgarian Anti-Monopoly Authority. The authority started proceedings on Oct 3, 2019, more than two months after the filing. Although Eurohold does not own any energy assets, the Bulgarian competition authority ordered an in-depth review of the transaction on Oct 10, 2019, extending the deadline for issuing its decision until mid-March 2020. However, the authority did not make use of the extension, dismissing Eurohold's application for transaction approval already on Oct 24, 2019.
- Following an analysis of the KZK's decision justification CEZ Group and Eurohold decided, for the reason of clear lawlessness of the decision, to file an administrative petition with the Administrative Court in Sophia (CE Group on Nov 7, 2019 and Eurohold on Nov 11, 2019). The first hearing took place on Mar 9, 2020. It was adjourned and will continue on April 6, 2020.

POLAND

- In 2019 sales of the Polish wind PP projects were commenced. Commencement of the sales process related to the Polish coal assets (Elcho and Skawina PP) and other Polish companies (with the exception of the ESCO company) is preliminarily scheduled for the second half of 2020.

TURKEY

- We continuously monitor interest of prevailingly local investors in our share in the company AKCEZ. No negotiation with an interested party has proceeded to the binding stage yet.

PROJECT OF NEW NUCLEAR IN THE CZECH REPUBLIC

- Government currently works with a scenario, where CEZ develops the new nuclear plant through SPV. Conditions to be specified in a series of contracts between CEZ and the government. The negotiations are at the beginning.
- **Anticipated contract principles**
  - Contract will include put and call options with strike prices covering expenses at the end of each phase
  - Government will be obliged to buy SPV in case of the absence of the contract for the next phase

2019 | 2024-25 | 2029-32 | 2037-40

Business model selection	EPC contractor selection	Construction permit and final notice to proceed	Construction phase	New nuclear unit operational
	Framework agreement			
	1st phase contract	2nd phase contact	3rd phase contract	4th phase contract
	▪ EIA (2019) ▪ Permit for the siting of nuclear installation ▪ EPC tender	▪ Engineering ▪ Nuclear licenses ▪ Site permit ▪ Construction permit	▪ Construction ▪ Commissioning	▪ Operation

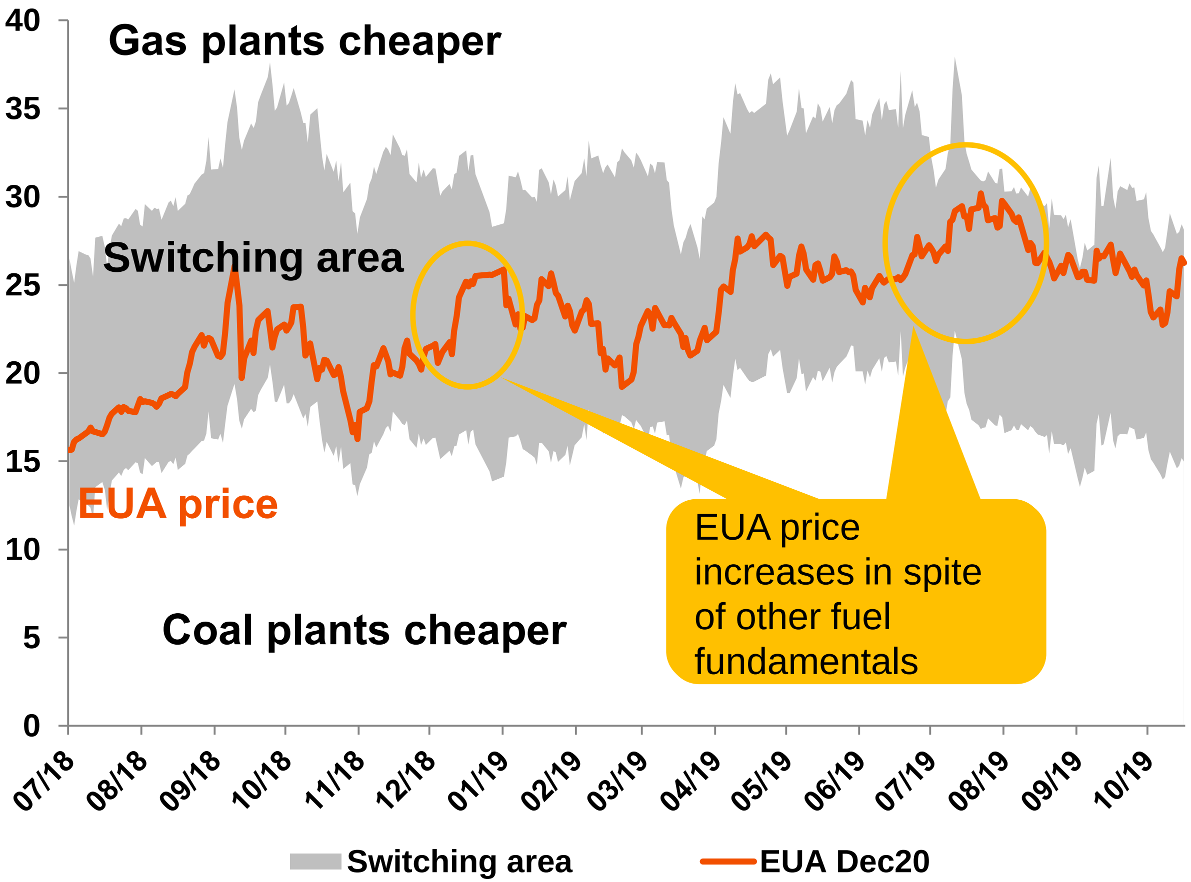
CAPEX

EUR 100-150 m for 1st phase

Significant capex starts only in 2029

PRICE OF EMMISION ALLOWANCES STAYS WITHIN COAL-TO-GAS SWITCHING RANGE

EUA prices necessary for the coal-to-gas* switching and market EUA prices
EUR/t, Cal 2020



- EUA follows the main trends of other energy commodities for the most of the time, but it can also move against other fuels' fundamentals in case there are some specific (often political) EUA impulses
- EUA moving above the switching level means more gas generation at the expense of coal
- Almost a half of the total switching potential of emission savings in 2020 would be realized with current forward prices
- EUA auctions will decrease by 400 Mt next year because of the MSR effect

*for coal and gas plants with 34% resp. 56% and 36% resp. 50% efficiencies, ARA coal and NCG gas

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

CEZ Group has formulated a sustainable development strategy “Energy for the Future” and has nominated Member of the Board of Directors **Michaela Chaloupková** to be CEZ Group Sustainability Leader with responsibility for oversight of the sustainable development. The Board oversees ESG and climate-related issues regularly.

Environment

- CEZ made a commitment to generate carbon neutral electricity before 2050 and published expected decarbonization timeline
- CEZ is giving a priority to projects enabling plant operation after 2020 when new BAT/BREF limits are to enter into force
- CEZ is active in e-mobility, its 180 charging stations are the largest network in Czechia

Social

- CEZ has donated CZK 336 million in 2018 through CEZ Foundation or directly to more than thousand public benefit projects
- CEZ has shortened 37.5-hour work week and guarantees one additional week of paid vacation beyond the statutory minimum
- Freedom of association in trade unions, collective bargaining and a long-term collective agreement is in place within CEZ Group companies
- Environmental protection, social criteria and respect for human rights are integral part of CEZ Group suppliers‘ obligations

Governance

- 21.8% of employees are women, 29.6% of new employee hires are women
- 4 out of 12 Supervisory Board members are employee representatives
- 2 out of 19 Board of Directors and Supervisory Board members are women
- CEZ has emphasis on providing equal opportunity and promoting diversity

Sustainability* report providing details of our initiatives can be downloaded at www.cez.cz/en/investors.html

* Report was prepared in accordance with GRI standards

THE CLIMATE TARGETS IN EUROPE ARE BECOMMING MORE AND MORE AMBITIOUS…

	2020	2030 (passed)*
Reduction of greenhouse gas emissions from 1990 levels	**20%** ▪ **Binding EU-wide** target ▪ Target already accomplished thanks to the economic crisis, rising RES and inexpensive gas	**At least 40% (40%)** ▪ **Binding EU-wide** target ▪ Can be reached as a side effect of fulfilling other two targets ▪ Pressure to increase the ambition to **50-55%**
Share of renewable energy sources (RES) in total final energy consumption**	**20%** ▪ **Binding** on **national** level in the form of specific national targets ▪ Great chance to meet the target on EU level	**At least 32% (27%)** ▪ **Binding at EU-wide** level, effectively national targets will be specified ▪ Fulfilment in electricity, heat, and transportation ▪ RES electricity in the EU should grow to 55%
Energy savings (EED***) in comparison with levels in 2007 predictions	**20%** ▪ **Indicative** on **national** level ▪ Mandatory energy-saving measures in final consumption ▪ Until recently, little attention from the EC	**At least 32.5% (27%)** ▪ **Indicative at EU-wide level** ▪ **Binding annual savings of 0.8%** of consumed energy at **national level** ▪ Both sub-targets will be similar for the Czech Republic and require a slight decrease in energy consumption by 2030
Implications for CEZ Group	▪ Potential for increased emission allowance prices and thus **higher generation margin** by virtue of low CO_2 emission factor ▪ Further potential for **ESCO development** (as a result of pressure on energy savings) and **RES development**	

* The 2030 targets may be revised in 2023; ** RES: applicable to all kinds of energy, not just electricity; *** EED—Energy Efficiency Directive

… THE NEW EUROPEAN COMMISSION PRESIDENT PLANS TO INCREASE THE AMBITIONS EVEN FURTHER

Reduction of greenhouse gas emissions from 1990 levels

Share of renewable energy sources in total final energy consumption

Energy savings (EED*) compared to business-as-usual predictions from 2007**

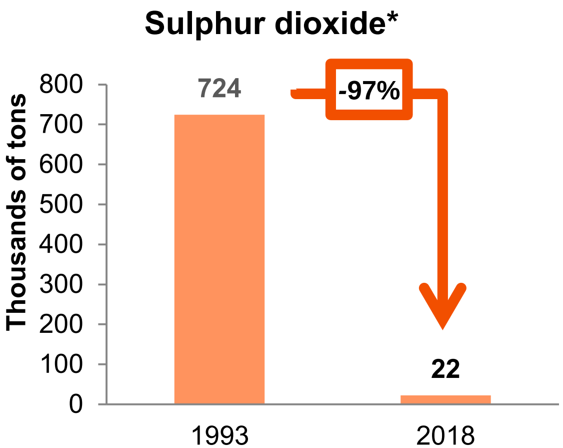
Declaration of „Green Deal for Europe“:

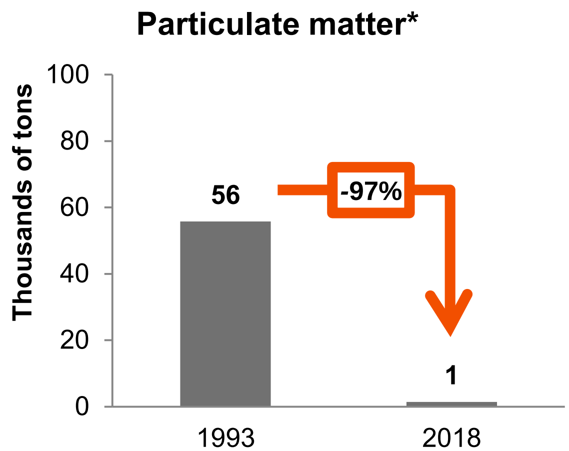
- Increase the **emission reduction target for 2030** from 40% to **50%-55%**
- Europe will be the first **greenhouse gas emission neutral continent by 2050** (relevant legislation will be provided in first 100 days in office)
- Consider implementation of **CO_2 tax on goods imported** from countries with weak climate policies
- Partial transformation of the European Investment Bank into a “Climate Bank” to unlock 1 trillion euros for climate investments in the following decade
- **Financial support for less developed regions** (so called „Just transition fund“)
- Energy savings mentioned only implicitly

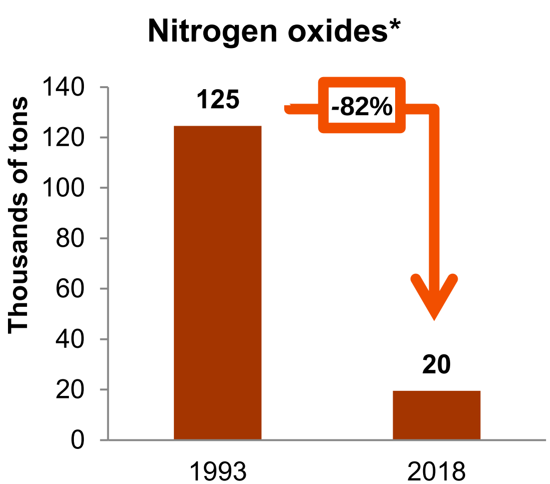
- Pressure on decarbonization will grow further
- Strong long-term incentive for CO_2 price growth

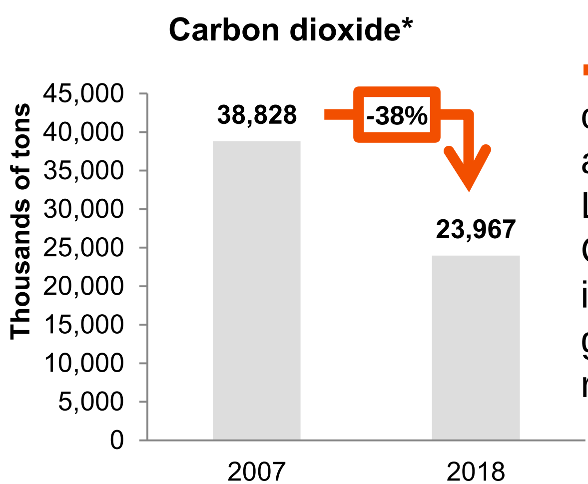
 Note: The areas are assigned for better orientation. Ursula von der Leyen did not assign areas explicitly.

CEZ GROUP SIGNIFICANTLY REDUCED EMISSIONS FROM ITS COAL FLEET









- During 1990's CZK 111 bn has been invested into complex, modernization of power stations, desulphurization, denitrification and efficiency upgrades. 1,965 MW of old units have been decommissioned
- In 2000-02 nuclear power plant Temelin was commissioned and contributed to reduction of coal output
- 2010's comprehensive renewal of Tušimice and Prunéřov TPP's and new supercritical unit at Ledvice. Investment of more than CZK100 bn has led to further increase in efficiency of the power generation and emission reductions

 * Emissions of CEZ power stations in Czechia

CARBON INTENSITY OF CEZ' PORFOLIO

Lignite Black coal Gas Biomass

	Power Supply (TWh)	Heat supply (TJ)	Heat supply ratio [1]	Emissions of CO_2 per EE and HE[3] produced
Hodonín (EHO)	0.3	453	12%	**129 g CO_2/kWh**
Poříčí 2 (EPO)	0.6	1,312	19%	**547 g CO_2/kWh**
Počerady 2 (EPC 2)	1.8	0	0%	**356 g CO_2/kWh**
Energotrans (EGT)	0.9	9,575	80%	**428 g CO_2/kWh**
Trmice (TETR)	0.3	2,929	59%	**506 g CO_2/kWh**
Dvůr Králové (TDK)	0.0	164	68%	**542 g CO_2/kWh**
Mělník 2 (EME 2)	1.3	2,250	19%	**699 g CO_2/kWh**
Ledvice 3 (ELE 3)	0.5	898	19%	**731 g CO_2/kWh**
Ledvice 4 (ELE 4)	2.7	347	2%	**765 g CO_2/kWh**
Dětmarovice (EDE)	1.4	534	4%	**826 g CO_2/kWh**
Prunéřov 2 (EPR 2)	2.8	262	1%	**826 g CO_2/kWh**
Tušimice 2 (ETU 2)	5.2	460	1%	**833 g CO_2/kWh**
Prunéřov 1 (EPR 1)	2.2	598	3%	**909 g CO_2/kWh**
Počerady (EPC)	5.3	*172 [2]*	<1 %	**948 g CO_2/kWh**
Mělník 3 (EME 3)	1.0	0	0%	**974 g CO_2/kWh**

Partly biomass

Gas

Heating Plant

Power plant

Note: CO_2 only from coal part of power plant, except PPC

Note: 1) Boiler heat supply indicator, Q_sup_oth / Qprod_boi, where Qprod = Qsup + Qown + Qloss, 2) Heat supply for heating purposes; 3) Excluding CO_2 emissions from biomass

CZECH REPUBLIC: ELECTRICITY DISTRIBUTION - OVERVIEW OF REGULATORY FRAMEWORK

Regulatory Framework

- Regulated by ERU (Energy Regulatory Office, www.eru.cz)
- The main components of regulatory formula for distribution
  - Revenue cap = Operating expenses + Depreciation + Regulatory return on RAB - Other revenues corrections +/- Quality factor + Market factor
  - RAB adjusted annually to reflect net investments
  - Regulatory rate of return (WACC nominal, pre-tax) – 7.951% for 2016-2020
  - Operating costs are indexed to CPI + 1% (30% weight) and market services price index (70% weight). In IV. Regulatory period efficiency factor set at 1.01%/year.
  - Quality factor – prescribed levels of SAIDI and SAIFI parameters Maximum bonus or penalisation +/- 4% of allowed profit. Currently has neutral impact on CEZ Distribuce.
  - Market factor to reflect unexpected cost which could not had been planned while setting planned values of allowed costs (e.g. new duties coming from new legislation). Never used by ERU in case of CEZ Distribuce.

Regulatory period

- 4th regulatory period from January 1, 2016 till December 31, 2020,
- Main focus:

- lowering allowed costs compared to the previous period (reflecting actual costs in the previous regulatory period);
- pressure on quality and security of electricity distribution (prescribed SAIDI and SAIFI parameters);
- renew and develop the networks incentivised by reasonable regulation parameters.

Unbundling & Liberalization

- Since January 1, 2006 all customers can choose their electricity supplier, market is 100% liberalized
- Prices for distribution regulated as per above, prices of commodity is not regulated at all.

CZECH DISTRIBUTION - WACC COMPONENTS IN IV. REGULATORY PERIOD

- WACC set using CAPM formula:

$$WACC = \left(k_e \times \frac{E}{D+E}\right) + \left[\left(k_d \times \frac{D}{D+E}\right) \times (1-T)\right]$$

$$k_e = r_f + \beta \times MRP$$

$$k_d = r_f + credit\ risk\ margin\ (CRM)$$

- Risk free rate (r_f) was derived from median yields of 10-y Czech sovereign bonds for 10 years period
- Credit risk margin set as a difference between BBB rated corporate bonds and 10Y German and French Sovereign bonds*

WACC components	4th regulatory period 2016 – 2020
Risk free rate (r_f)	3.82 %
Market risk premium (MRP)	5 %
ß unlevered	0.536
ß levered (ß)	0.901
Cost of equity (k_e)	**8.32 %**
Credit risk margin (CRM)	1.38 %
FTSE Euro Corporate Bonds BBB	4.53 %
EUR gov 10YEUR	3.15 %
Cost of debt, pre tax (k_d)	**5.19 %**
Tax rate (T)	19 %
Cost of debt, post-tax	**4.21 %**
Debt/(Debt+Equity)	45.75 %
WACC (nominal, before tax)	**7.951%**

* I13 Euro Benchmarks Curve 10Y

ROMANIA: REGULATORY FRAMEWORK OF ELECTRICITY DISTRIBUTION

Regulatory Framework

- Regulated by ANRE (Autoritatea Nationala de Reglementare in domeniul Energiei)
- Price cap (tariff basket) methodology
- Revenue = Controllable OPEX + non-controllable OPEX + Depreciation + Purchase of losses + Regulatory return on RAB - Revenues from reactive energy - 50% gross profit from other activities
- Losses (technical + commercial) reduction program agreed with ANRE on voltage levels
- Possibility for annual corrections
- Investment plan – approved by ANRE before regulatory period starts, revision of investments carried out usually done at the end of the regulatory period.
- 2020 RAB set at 2,342 mil RON
- Regulatory return (WACC pre-tax real terms) equals to 6.9%.
- Distribution tariff growth capped in real terms at 10% yearly on voltage levels and at 7% yearly for average weighted distribution tariff in the third regulatory period

Regulatory periods

- 4th regulatory period Jan 1, 2019 – Dec 31, 2023

Unbundling & Liberalization

- Starting January 2018 the market was liberalized. Consumers who have not chosen their energy supplier in the free market are priced with a Last Resort Supplier tariff (endorsed by ANRE)
- In 2019 regulated supply tariffs for households and small business customers were reintroduced. Shall be abolished during 2020 again. The market will be again fully liberalized.

BULGARIA: REGULATORY FRAMEWORK OF ELECTRICITY DISTRIBUTION

Regulatory Framework

- Regulated by EWRC (Energy and Water Regulatory Commission)
- The regulatory formula for distribution
  - Revenue cap = Costs + Regulatory return on RAB + Depreciation
  - Regulatory rate of return (WACC nominal, pre-tax) at 6.67% for the 5th regulatory period
  - Average values set for the NBV, depreciation and investments for the whole period
  - RAB set at EUR 300 mil. for the 5th regulatory period*
  - Technological losses in 5th regulatory period set by regulator at 8%

Regulatory periods

- 3rd regulatory period August 1, 2013 – July 31, 2015
- 4th regulatory period August 1, 2015 – June 30, 2018
- 5th regulatory period July 1, 2018 – June 30, 2021

Unbundling & Liberalization

- Unbundling successfully completed by December 31, 2006
- Since July 2007, all consumers have the right to become eligible. Most of the household customers remain in universal service with regulated tariffs though
- Liberalization process and transfer of all consumers to free market is ongoing, Bulgarian authorities are taking slow steps toward liberalization of households and small businesses, by which the proces of liberalization shall be completed.

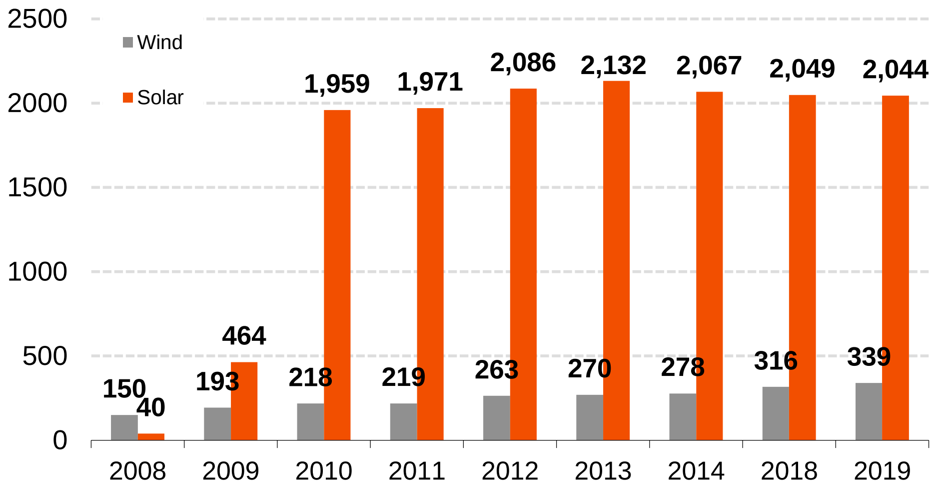
* Exchange rate used BGN/EUR = 0,51

CZECH REPUBLIC: RENEWABLES SUPPORT

2020 feed-in-tariffs (EUR per MWh)

	Plants commissioned in 2010	Plants commissioned in 2020
Solar <30 kW	587.9	0
Solar >30 kW	583.3	0
Wind	107.4	76.0

Installed capacity of wind and solar power plants in the Czech Republic (MWe)

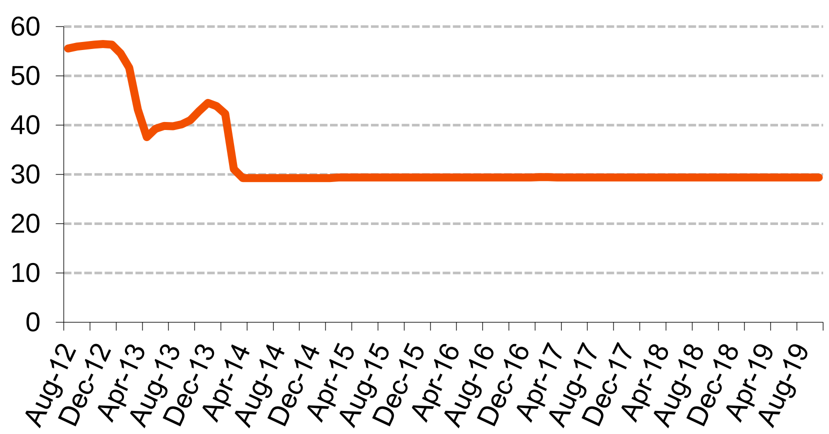


- Operators of renewables can choose from two options of support:
  - Feed-in tariffs (electricity purchased by distributor)
  - Green bonuses (electricity sold on the market, bonuses paid by distributor, level of green bonuses is derived from feed-in tariffs)
- Feed-in tariffs are set by a regulator to ensure 15-year payback period. During operation of a power plant they are escalated by PPI index or by 2% at minimum and 4% at maximum.
- Support is provided for 20 years to solar, wind, pure biomass and biogas plants and for 30 years to hydro.
- Solar plants commissioned in 2014 or later do not receive any support.
- Solar plants put into operations in 2010 with capacity over 30kWp are obliged to pay 10% tax of revenues.

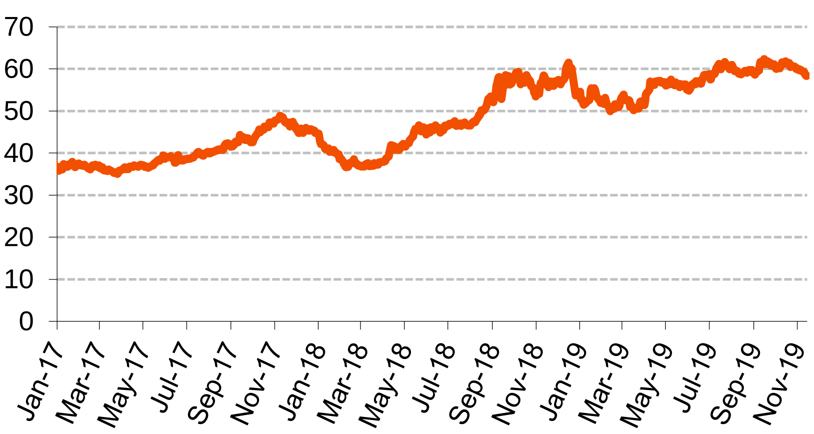
ROMANIA: RENEWABLES SUPPORT
UPDATE OF THE RULES ADOPTED IN 2017 SIGNIGICANTLY IMPROVES VISIBILITY OF FUTURE CASH FLOWS

- Wind farms receive income from sales of electricity on the market and from sales of green certificates
- Two green certificates (GC) obtained by the producer for each MWh supplied from wind to the network until 2017, one GC from 2018 onwards, duration of support – 15 years.
- Legally set price for green certificate is EUR 29.4 – EUR 35 (adjusted in March 2017 from previous EUR 27 to EUR 55)
- In March 2017 the tradability of green certificates was extended – all certificates issued after 1st April 2017 are tradable until 31st March 2032 (originally the lifespan was limited to 12 months).
- The updated regulatory scheme assumes an obligation to buy a constant annual amount of green certificates for 15 years, starting Apr 1, 2017, so that all green certificates are absorbed at the end of the 15-year periode

Green certificates market clearing price (EUR/certificate)

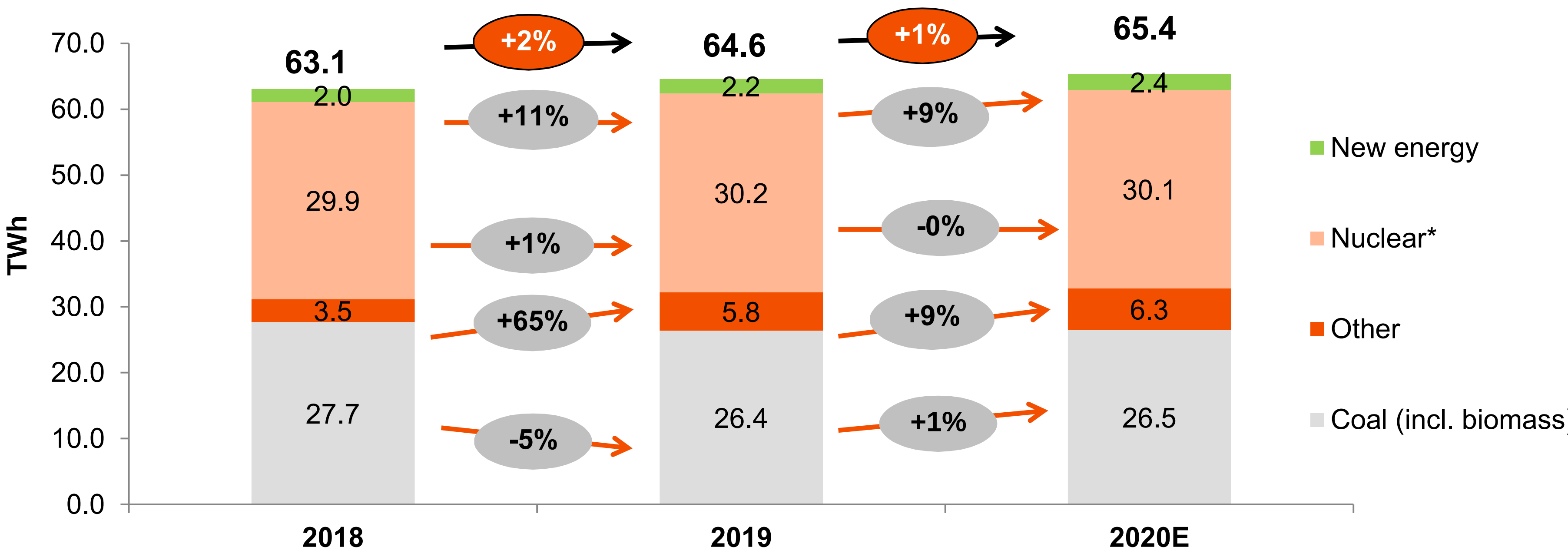


Romanian year ahead electricity price (EUR/MWh)



 Source: OPCOM,PXE

2019 GENERATION VOLUMES AFFECTED BY OUTAGES IN COAL-FIRED POWER PLANTS, AMBITION TO RAISE GENERATION BY 1% IN 2020



2019 volume

+ Efficient operation and optimization of unit outages at both power plants

+ Shorter outages at Prunéřov 2, and Mělník 3 power plants

- Lover generation by Dětmarovice, Počerady and Ledvice 3 power plants

+ Primarily higher generation by Počerady CCGT plant due to favorable market prices of electricity and gas

+ Worse-than-average weather conditions in 2018

2020 volume ambition

+ Shorter outages at Ledvice4, Prunéřov 2, and Ledvice 3 power plants

- A shut-down of Prunéřov 1 power plant from Jul 1, 2020

+ shorter outages,at Skawina power plant

+ increased pumping cycle efficiency at Dalešice hydro power plant

+ Increase of generation by the new co-generation units of ČEZ Energo

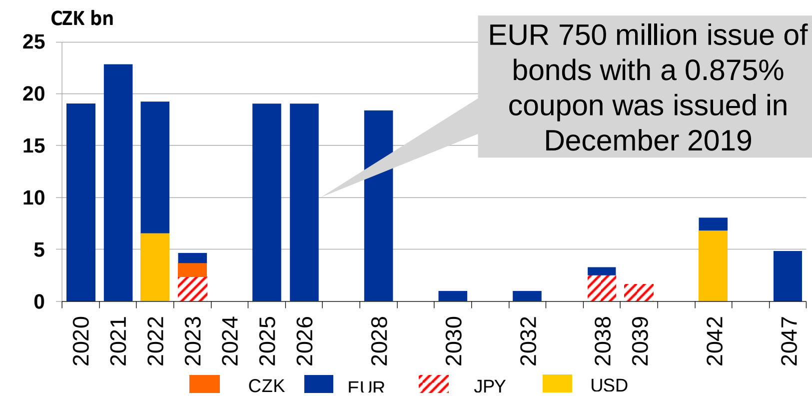
* Full potential of Nuclear generation is 32 TWh (conditional by outage cycles in given year).

DEBT POSITION AND STRUCTURE - CEZ GROUP MAINTAINS A STRONG LIQUIDITY POSITION

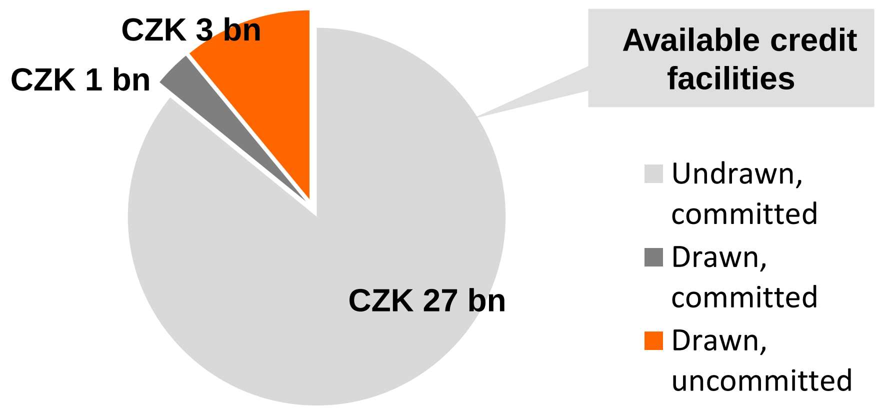
Debt Level **

		As at Dec 31, 2018	As at Dec 31, 2019
Debt and loans	CZK bn	162.8	173.7
Cash and fin. assets*	CZK bn	11.5	12.4
Net debt	CZK bn	151.3	161.2
Net debt/EBITDA		3.05	2.68

Bond maturity profile (as of Dec 31, 2019)



Utilization of short-term lines ** (as of Dec 31, 2019)

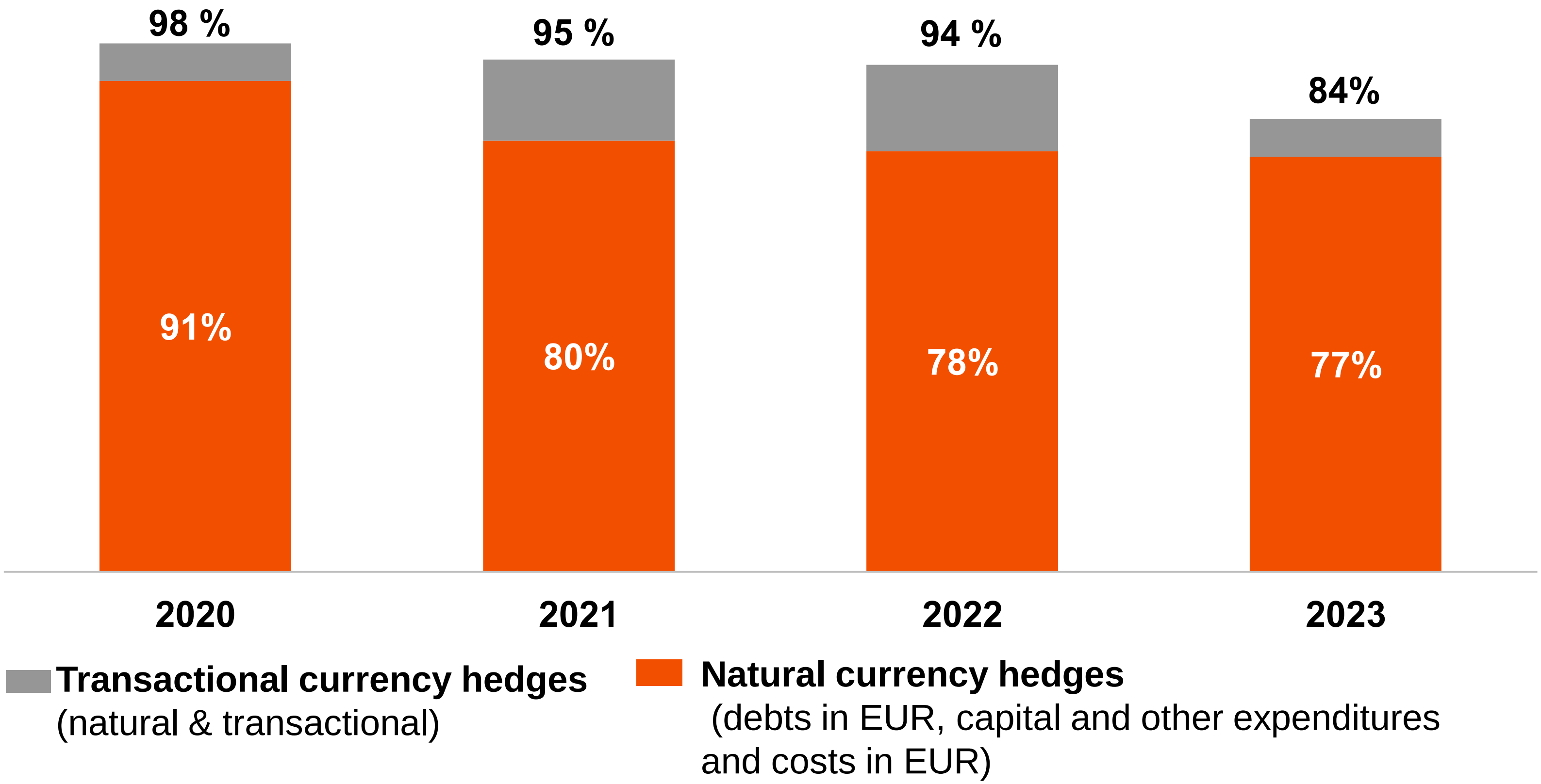


- CEZ Group has access to CZK 28 bn in committed credit facilities, using just CZK 1 bn as at Dec 31, 2019.
- Committed facilities are kept as a reserve for covering unexpected expenses and to fund short-term financial needs.
- In the context of securing refinancing of a debt due in 2020 a bond issue was issued in December 2019 worth EUR 750 million, with maturity in 2026, and 0.875% coupon and 1.005% yield. This represented not only the lowest interest in EUR achieved by a corporate issuer in Central and South-Eastern Europe in the case of 5-year or longer maturity, but also the lowest interest in EUR achieved in 2019 by issuers in Central and South-Eastern Europe for any maturity.
- In December 2019 a loan agreement was executed with EIB*** worth up to EUR 330 million.
- The average maturity of CEZ Group's financial debt was ca 6 years as at Dec 31, 2019.

* Cash and cash equivalents & highly liquid financial assets
** Including data on Bulgarian assets for sale *** EIB = European Investment Bank

CEZ CONTINUES HEDGING ITS CURRENCY EXPOSURE IN LINE WITH STANDARD POLICY

Total currency hedges as of Dec 31, 2019
(as % of total expected EUR long position in a given year)



The foreign exchange position for 2020 is hedged at an **average rate of 26.67 CZK/EUR**, for 2021–2023 **at a rate of 25.80–27.00 CZK/EUR**.

CEZ GROUP FINANCIAL PERFORMANCE

(CZK bn)	2018	2019	Change	%
Revenues	184.5	206.2	+21.7	+12%
EBITDA	49.5	60.2	+10.6	+21%
EBIT	19.8	26.4	+6.7	+34%
Net income	10.5	14.5	+4.0	+38%
Net income adjusted *	13.1	18.9	+5.8	+44%
Operating CF	35.4	42.9	+7.6	+21%
CAPEX	26.4	29.8	+3.4	+13%

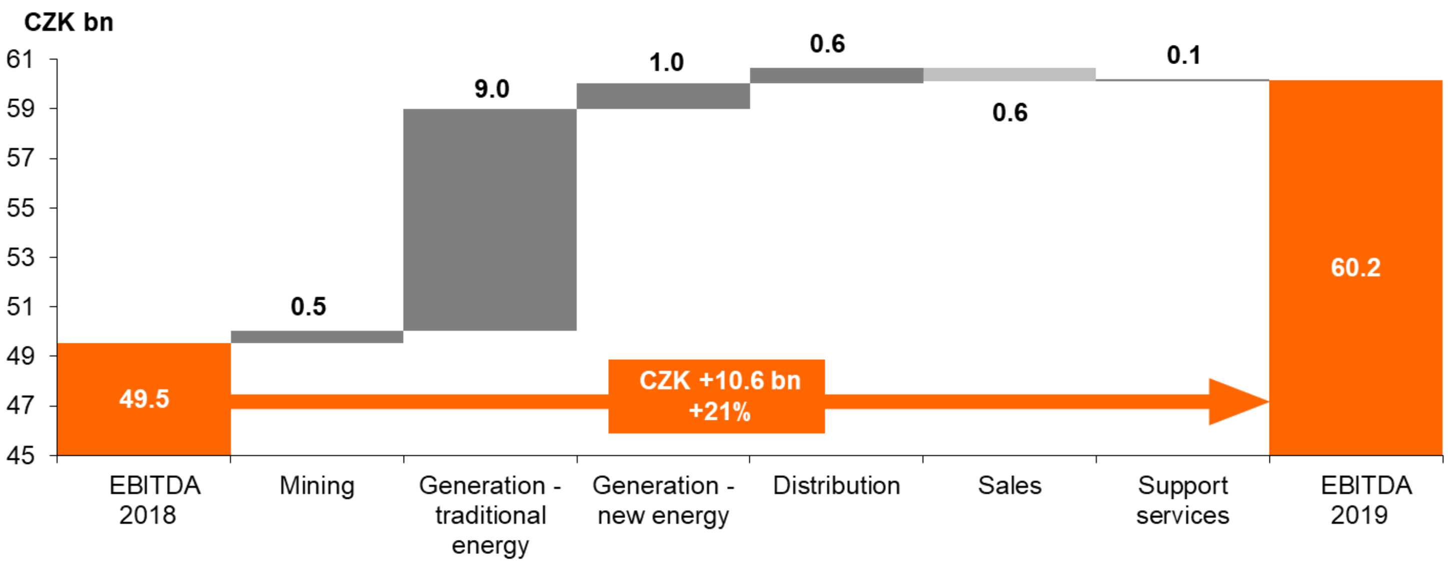
		2018	2019	Change	%
Installed capacity **	GW	14.8	14.6	-0.2	-1%
Mining	m tons	20.9	20.4	-0.5	-2%
Generation of electricity - segment traditional energy	TWh	61.1	62.4	+1.3	+2%
Generation of electricity - segments new energy and sales	TWh	2.0	2.2	+0.2	+11%
Electricity distribution to end customers	TWh	52.3	52.1	-0.2	-0%
Electricity sales to end customers	TWh	37.6	35.6	-2.0	-5%
Sales of natural gas to end customers	TWh	9.6	9.8	+0.2	+2%
Sales of heat	000´TJ	23.2	24.1	+0.9	+4%
Number of employees ** ***	000´s	31.4	32.4	+1.0	+3%

** Adjusted net income = Net income adjusted for extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as fixed asset impairments and goodwill depreciation)

** On the last date of the period

*** Increased staff number is primarily connected with the new acquisitions of the ESCO companies

YEAR-ON-YEAR CHANGE IN EBITDA
BROKEN DOWN BY SEGMENT



Main causes of y-o-y change in EBITDA:

- Generation - traditional energy: impact of the higher realization prices of the generated electricity including impact of hedging transactions and commodity trading (CZK +10.9 bn), higher expenses on emission allowances for production (CZK -1.9 bn)
- Generation - new energy: lower creation of provisions for potential return of income from the Čekanice photovoltaic power plant (CZK +0.4 bn), generation in Romania (CZK +0.3 bn), especially due to the higher generation and sales price of electricity
- Distribution: higher gross margin from electricity distribution in Czechia and in Bulgaria
- Sale: effect of a court decision under which the payment of SŽDC's debt to ČEZ Prodej from 2010 was returned in 2019 (CZK -1.3 bn), increased EBITDA abroad (CZK +0.9 bn), especially from contribution of the new ESCO acquisitions and higher gross margin from electricity sales

OTHER INCOME AND EXPENSES

(CZK bn)	2018	2019	Change	%
EBITDA	49.5	60.2	+10.6	+21%
Depreciation, amortization and impairments*	**-29.8**	**-33.7**	**-4.0**	**-13%**
Other income (expenses)	**-6.2**	**-8.0**	**-1.8**	**-28%**
Interest income (expenses)	-4.9	-5.1	-0.2	-4%
Interest on nuclear and other provisions	-1.8	-1.9	-0.1	-5%
Income (expenses) from investments and securities	0.1	0.4	+0.3	+199%
Other	0.3	-1.5	-1.7	-
Income taxes	-3.0	**-3.9**	**-0.9**	**-30%**
Net income	10.5	14.5	+4.0	+38%
Net income adjusted	**13.1**	**18.9**	**+5.8**	**+44%**

Depreciation, Amortization, and Impairments* (CZK -4.0 bn)

- Higher depreciations (CZK -0.9 bn), mainly due to the implementation of IFRS 16
- Higher impairments in relation to Polish assets (CZK -1.1 bn), Bulgarian assets (CZK -1.0 bn), Czech assets (CZK -0.6 bn) and Romanian assets (CZK -0.5 bn)

Other Income and Expenses (CZK -1.8 bn)

- Higher interest expenses (CZK -0.3 bn), higher interest revenue (CZK +0.1 bn)
- Refund of interest on part of gift tax on emission allowances by tax office in 2018 (CZK -0.7 bn)
- Other effects (CZK -0.9 bn), primarily revaluation of financial derivatives

Net Income Adjustments

- Net profit in 2019 adjusted for the negative effect of impairments to fixed assets including goodwill depreciation in Czechia (CZK +1.5 bn), in Bulgaria (CZK +1.4 bn), in Poland (CZK +1.2 bn) and in Romanian distribution (CZK +1.1 bn) and for the positive effect of dissolution of part of impairments to fixed assets represented by Romanian wind parks (CZK -0.9 bn)
- Net profit in 2018 adjusted for the negative effect of additions to ČEZ provisions and impairments corresponding to the value of potential partial performance under provided guarantees for Akcez group companies' loans due to continued weakening of the TRY/USD exchange rate in 2018, reflecting Turkey's macroeconomic and political developments (CZK +0.9 bn), and for the negative effect of fixed asset impairments and goodwill primarily in Czechia (CZK +1.0 bn), Bulgaria (CZK +0.6 bn), Poland (CZK +0.2 bn), and Romania (CZK -0.3 bn)

* Including profit/loss from sales of tangible and intangible fixed assets

NUCLEAR AND MINING PROVISIONS AS OF YE 2019

Nuclear and mining provisions as of YE 2019 in accordance with IFRS

(discount rate 0.7 % p.a. (real), est. Inflation effect 1.5%)

	Provision (CZK bn)	Responsibility of:	Cash cover (CZK)
Interim storage of spent nuclear fuel	8.7 bn	CEZ	0.01 bn
Permanent storage of spent nuclear fuel	32.2 bn	State*, costs paid by CEZ	Fee 55 CZK/MWh generated in NPP to Nuclear Account***
Nuclear Facility decommissioning	34.9 bn	CEZ	14.1 bn
Mining reclamation	9.4bn	CEZ (SD**)	6.4 bn
Landfills (ash storage)	0.8 bn	CEZ	0.2 bn

*** RAWRA - Radioactive Waste Repository Authority**

****SD – Severočeské doly**

***** State Nuclear Account balance as of YE 2018 CZK 28.4bn**

SELECTED HISTORICAL FINANCIALS OF CEZ GROUP

CZK

Profit and loss

CZK bn	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues	198.8	209.8	221.9	216.7	201.8	210.2	203.7	205.1	184.5	206.2
Sales of electricity	175.3	181.8	186.8	189.4	173.8	182.1	174.9	104.1	103.1	110.2
Sales of services								76.3	59.9	71.4
Sales of gas, heat and coal and other income	23.6	28	35.1	27.4	27.9	28.1	28.8	24.7	21.5	24.6
Operating Expenses	110	122.4	136.1	134.7	129.3	145.1	145.7	148	135	146
Purchased power and related services	54.4	65.9	71.7	79	75.8	90.9	88.3	57.4	52.2	55.5
Fuel and emission rights	16.9	17.1	15.8	13.8	12.7	13.1	13.2	16.0	19.1	21.4
Salaries and wages	18.7	18.1	18.7	18.7	18.9	17.8	19.2	22.1	25.6	28.8
Other	20	21.3	29.9	23.2	21.9	23.4	25.1	26.3	38.1	40.3
EBITDA	**88.8**	**87.4**	**85.8**	**82**	**72.5**	**65.1**	**58.1**	**53.9**	**49.5**	**60.2**
EBITDA margin	*45%*	*42%*	*39%*	*38%*	*36%*	*31%*	*29%*	*26%*	*27%*	*29%*
Depreciation, amortization, impairments	26.9	26.2	28.9	36.4	35.7	36.3	32.1	29.5	29.7	33.8
EBIT	**62**	**61.3**	**57**	**45.7**	**36.9**	**29**	**26.1**	**25.6**	**19.8**	**26.4**
EBIT margin	*31%*	*29%*	*26%*	*21%*	*18%*	*14%*	*13%*	*12%*	*11%*	*13%*
Net Income	**46.9**	**40.8**	**40.1**	**35.2**	**22.4**	**20.5**	**14.6**	**19**	**10.5**	**14.5**
Net income margin	*24%*	*19%*	*18%*	*16%*	*11%*	*10%*	*7%*	*9%*	*6%*	*7%*
Adjusted net income	**49.8**	**41.2**	**41.3**	**43**	**29.5**	**27.7**	**19.6**	**20.7**	**13.1**	**18.9**
Adjusted net income margin	*25%*	*20%*	*19%*	*20%*	*15%*	*13%*	*10%*	*10%*	*7%*	*9%*

Balance sheet

CZK bn	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Non current assets	448.3	467.3	494.7	485.9	497.5	493.1	489.3	487.9	480.4	501.9
Current assets	96.1	131	141.1	154.5	130.4	109.6	141.6	136	227	202.7
- out of that cash and cash equivalents	22.2	22.1	18	25	20.1	13.5	11.2	12.6	7.3	9.8
Total Assets	**544.4**	**598.3**	**635.8**	**640.4**	**627.9**	**602.7**	**630.8**	**623.9**	**707.4**	**704.6**
Shareholders equity (excl. minority. int.)	221.4	226.8	250.2	258.1	261.3	267.9	256.8	250	234.7	250.8
Return on equity	*22%*	*18%*	*17%*	*14%*	*9%*	*8%*	*6%*	*8%*	*4%*	*6%*
Interest bearing debt	158.5	182	192.9	199	184.1	157.5	167.8	154.3	161	171.9
Other liabilities	164.4	189.4	192.6	183.3	182.4	177.3	206.2	219.6	311.7	281.9
Total liabilities	**544.4**	**598.3**	**635.8**	**640.4**	**627.9**	**602.7**	**630.8**	**623.9**	**707.4**	**704.6**

The structure of PL and BS was changed in 2018

SELECTED HISTORICAL FINANCIALS OF CEZ GROUP

EUR

Profit and loss

EUR M	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues	7,827	8,260	8,736	8,531	7,945	8,276	8,020	8,075	7,264	8,118
Sales of electricity	6,902	7,157	7,354	7,457	6,843	7,169	6,886	4,098	4,059	4,339
Sales of services								3,004	2,358	2,811
Sales of gas, heat and coal and other income	929	1,102	1,382	1,079	1,098	1,106	1,134	972	846	969
Operating Expenses	4,331	4,819	5,358	5,303	5,091	5,713	5,736	5,827	5,315	5,748
Purchased power and related services	2,142	2,594	2,823	3,110	2,984	3,579	3,476	2,260	2,055	2,185
Fuel and emission rights	665	673	622	543	500	516	520	630	752	843
Salaries and wages	736	713	736	736	744	701	756	870	1,008	1,134
Other	787	839	1,177	913	862	921	988	1,035	1,500	1,587
EBITDA	**3,496**	**3,441**	**3,378**	**3,228**	**2,854**	**2,563**	**2,287**	**2,122**	**1,949**	**2,370**
EBITDA margin	*45%*	*42%*	*39%*	*38%*	*36%*	*31%*	*29%*	*26%*	*27%*	*29%*
Depreciation, amortization, impairments	1,059	1,031	1,138	1,433	1,406	1,429	1,264	1,161	1,169	1,331
EBIT	**2,441**	**2,413**	**2,244**	**1,799**	**1,453**	**1,142**	**1,028**	**1,008**	**780**	**1,039**
EBIT margin	*31%*	*29%*	*26%*	*21%*	*18%*	*14%*	*13%*	*12%*	*11%*	*13%*
Net Income	**1,846**	**1,606**	**1,579**	**1,386**	**882**	**807**	**575**	**748**	**413**	**571**
Net income margin	*24%*	*19%*	*18%*	*16%*	*11%*	*10%*	*7%*	*9%*	*6%*	*7%*
Adjusted net income	**1,961**	**1,622**	**1,626**	**1,693**	**1,161**	**1,091**	**772**	**815**	**516**	**744**
Adjusted net income margin	*25%*	*20%*	*19%*	*20%*	*15%*	*13%*	*10%*	*10%*	*7%*	*9%*

Balance sheet

EUR M	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Non current assets	17,650	18,398	19,476	19,130	19,587	19,413	19,264	19,209	18,913	19,760
Current assets	3,783	5,157	5,555	6,083	5,134	4,315	5,575	5,354	8,937	7,980
- out of that cash and cash equivalents	874	870	709	984	791	531	441	496	287	386
Total Assets	**21,433**	**23,555**	**25,031**	**25,213**	**24,720**	**23,728**	**24,835**	**24,563**	**27,850**	**27,740**
Shareholders equity (excl. minority. int.)	8,717	8,929	9,850	10,161	10,287	10,547	10,110	9,843	9,240	9,874
Return on equity	*22%*	*18%*	*17%*	*14%*	*9%*	*8%*	*6%*	*8%*	*4%*	*6%*
Interest bearing debt	6,240	7,165	7,594	7,835	7,248	6,201	6,606	6,075	6,339	6,768
Other liabilities	6,472	7,457	7,583	7,217	7,181	6,980	8,118	8,646	12,272	11,098
Total liabilities	**21,433**	**23,555**	**25,031**	**25,213**	**24,720**	**23,728**	**24,835**	**24,563**	**27,850**	**27,740**

The structure of PL and BS was changed in 2018

Exchange rate used:25.4 CZK/EUR

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