

ANNEX 1:

REPORT ON THE COMPANY'S BUSINESS OPERATIONS AND ASSETS OF ČEZ, A. S. FOR 2014

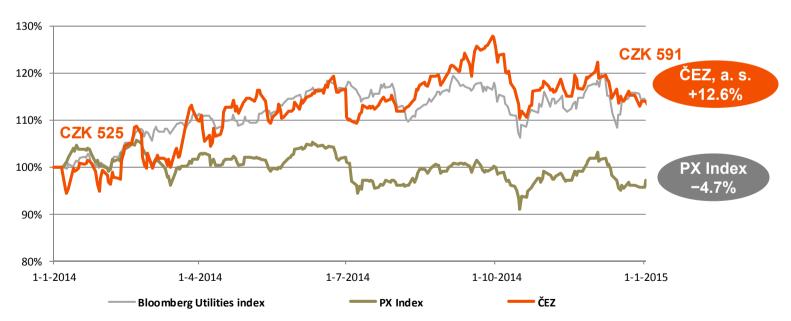
Prague, June 12, 2015





- EBITDA CZK 72.5bn
- Adjusted net income CZK 29.5bn
- Market capitalization grew by CZK 35.3bn (to CZK 315.7bn)

ČEZ, a. s. Share Prices in 2014



CEZ GROUP'S UPDATED STRATEGY

IS BUILT ON THREE PILLARS



- Be among the best in the operation of conventional power facilities and proactively respond to the challenges of the 21st century
- We want to operate power assets as efficiently as possible from the point of view of both shareholders and customers
- We want to pro-actively react now to the power sector's future with a large proportion of decentralized and zero-emission production and diminishing differences between producers and consumers

- Offer customers a wide range of products and services addressing their energy needs
- We want to offer our customers partnership, expertise, tools, and financing to meet their energy needs—our customers are much more active in the control of their electricity and gas consumption and use in general as well as in their own production
- We want to complement this with additional products that have synergy with electricity and gas sales

Strengthen and consolidate our position in Central Europe

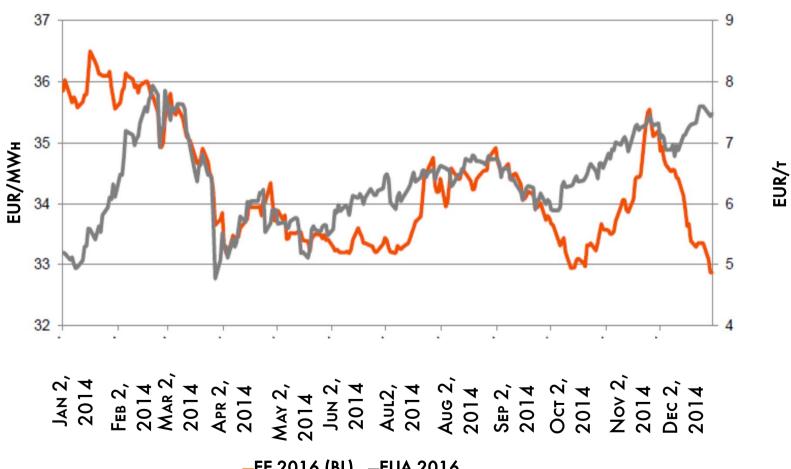
- We want to maintain our position among the top 10 energy companies in Europe and take advantage of major synergies when operating our assets and offering new products and serving customers
- We focus our attention on regions and countries that are close to both ČEZ and the Czech Republic in terms of energy markets, economy, and politics and culture; however, undisputed profitability remains the key indicator

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ELECTRICITY PRICES DOWN BY 10% TO 33 EUR/MWH PRIMARILY DUE TO DROP IN HARD COAL PRICES; PRICES OF **ALLOWANCES UP TO 7.5 EUR/T**



PRICES OF ELECTRICITY (EUR/MWH) AND EMISSION ALLOWANCES (EUR/T)



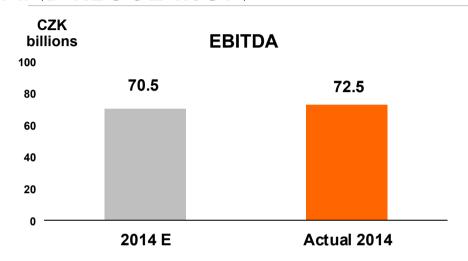
-EE 2016 (BL) -EUA 2016

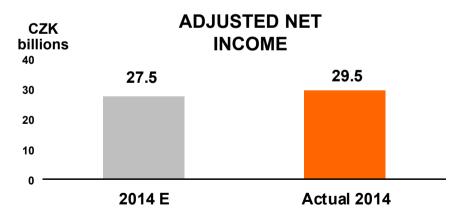
WE EXCEEDED THE INITIAL TARGET BY

CZK 2 BILLION DESPITE ADVERSE WEATHER



AND REGULATION





Selected positive effects:

- Settlement agreement with Albania
- Cuts in fixed operating costs
- Claim set-off with Bulgarian state-owned energy company NEK
- Payment of debts by Romanian state railways and postal service

Selected negative effects:

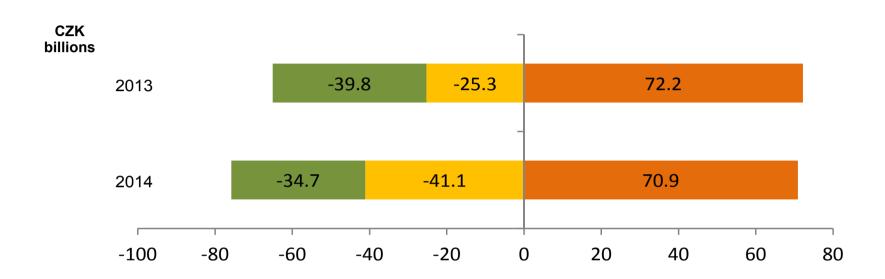
- Extremely warm and dry winter in the Czech Rep.
- Reduced support for wind parks in Romania
- Postponed completion of coal-fired plant renovations and constructions in the Czech Rep.

The values of adjusted net income do not include extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as fixed asset impairments and goodwill amortization, extraordinary profit/loss from sale of assets or subsidiaries, or other extraordinary effects).

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CEZ GROUP CASH FLOWS

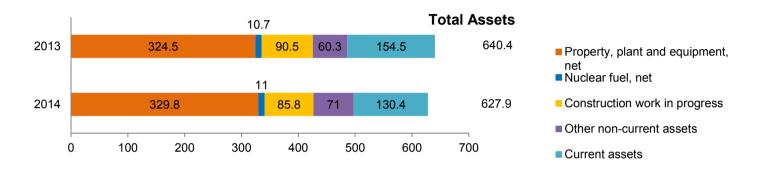


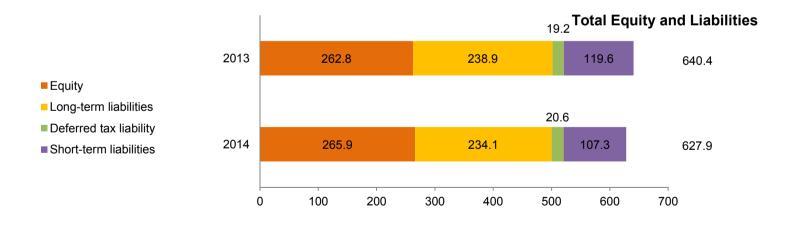


- Investing activities
- Financing activities, including net effect of currency translation in cash
- Operating activities

CEZ GROUP ASSETS AND LIABILITIES AT DECEMBER 31







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CEZ GROUP FINANCIAL RESULTS



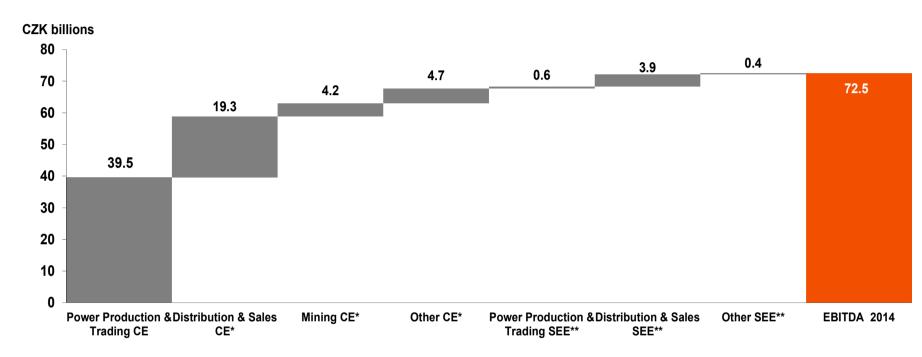
| Key data | Unit | Year 2013 | Year 2014 | 14/13 change (%) |
|---|--------------|--------------|--------------|---------------------|
| Operating revenues | CZK millions | 216,988 | 200,657 | -7.5 |
| Operating expenses | CZK millions | 171,298 | 163,711 | -4.4 |
| EBITDA | CZK millions | 81,994 | 72,498 | -11.6 |
| EBIT | CZK millions | 45,690 | 36,946 | -19.1 |
| Net income | CZK millions | 35,207 | 22,432 | -36.3 |
| Net income - adjusted | CZK millions | 38,178 | 29,454 | -22.9 |
| Total assets | CZK millions | 640,394 | 627,870 | -2.0 |
| Long-term tangible and intangible assets* | CZK millions | 446,363 | 447,154 | 0.2 |
| | | | | |
| ROE, net | % | 14.1 | 8.6 | -39.0 |
| ROA, net | % | 5.7 | 3.5 | -38.2 |
| ROIC | % | 7.9 | 6.3 | -20.3 |

* Including nuclear fuel CEZ GROUP

CONTRIBUTION BY SEGMENT



TO 2014 EBITDA



2014 vs. 2013 Change in EBITDA



ČEZ, A. S. FINANCIAL RESULTS

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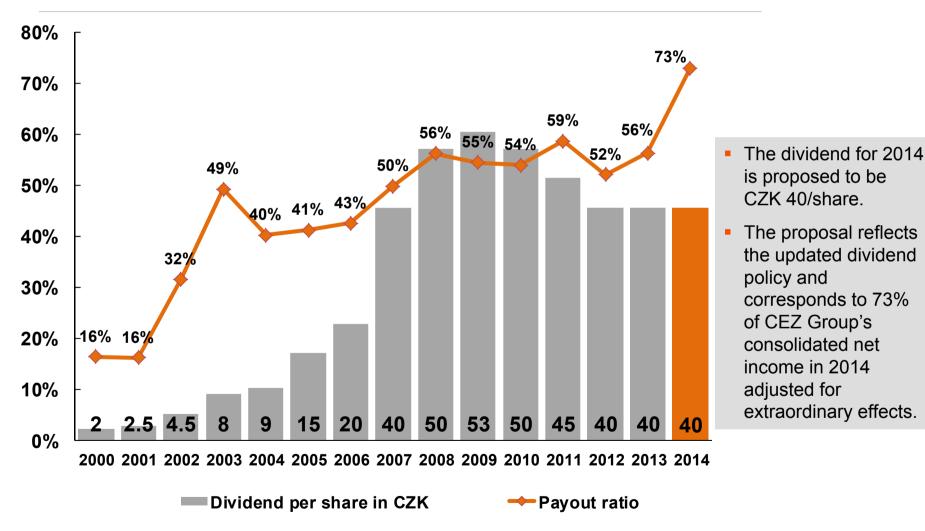


| Key data | Unit | 2013 | 2014 | 14/13 change (%) |
|---|--------------|---------|---------|------------------------|
| Operating revenues | CZK millions | 101,644 | 84,706 | -16.7 |
| Operating expenses | CZK millions | 81,549 | 68,879 | -15.5 |
| EBITDA | CZK millions | 35,914 | 29,657 | -17.4 |
| EBIT | CZK millions | 20,095 | 15,827 | -21.2 |
| Net income | CZK millions | 26,373 | 20,910 | -20.7 |
| | | | | |
| Total assets | CZK millions | 549,257 | 537,183 | -2.2 |
| Long-term tangible and intangible assets* | CZK millions | 234,510 | 241,392 | 2.9 |
| | | | | |
| ROE, net | % | 12.7 | 10.2 | -19.7 |
| ROA, net | % | 4.8 | 3.8 | -20.8 |

* Including nuclear fuel CEZ GROUP

PROPOSED ČEZ, A. S. DIVIDEND FOR 2014

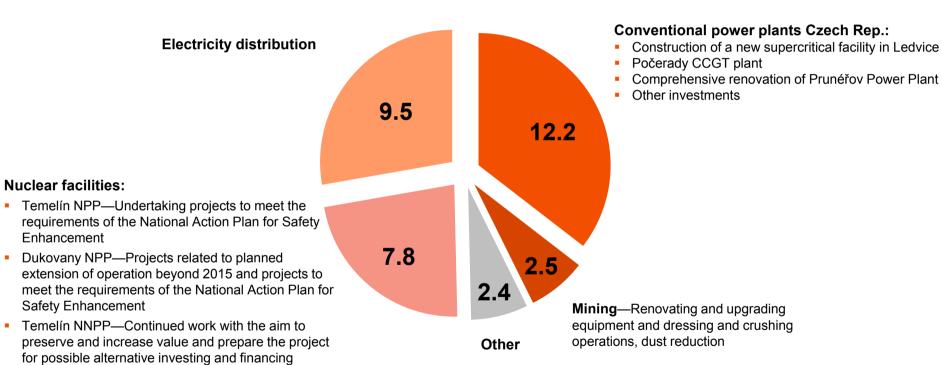




INVESTMENTS IN FIXED ASSETS (CAPEX)



Total: CZK 34.4bn (2014)



Enhancement

arrangements

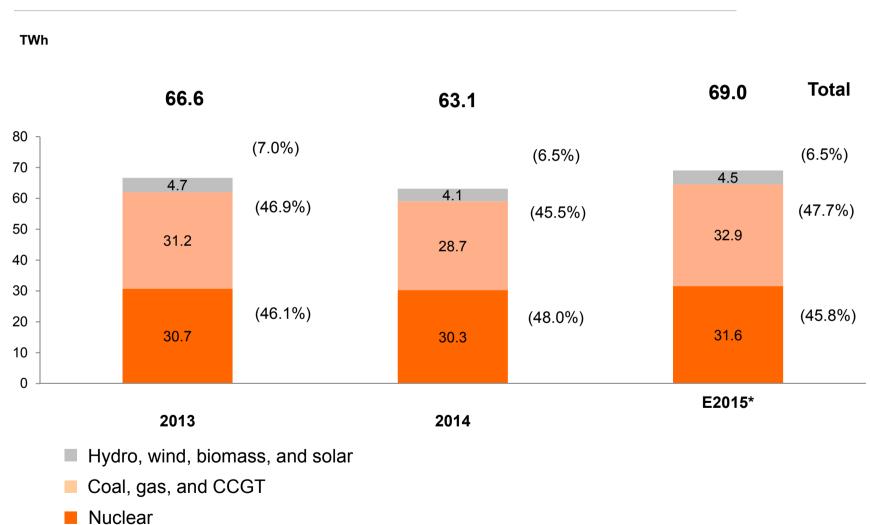
documents

Dukovany NNPP—Preparation of supporting

documents for the initiation of the EIA process and a technical description of the site for future tender

CEZ GROUP'S ELECTRICITY GENERATION



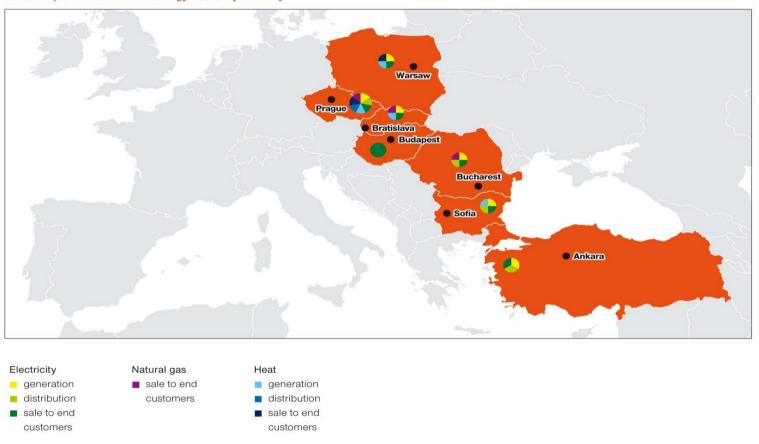


CEZ GROUP IN EUROPE



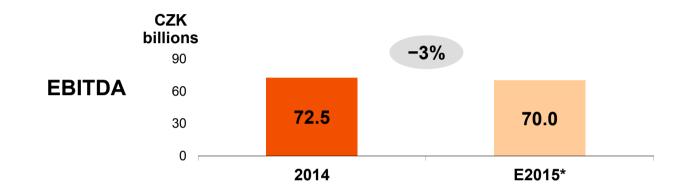
CEZ Group's Presence in the Energy Sector by Territory

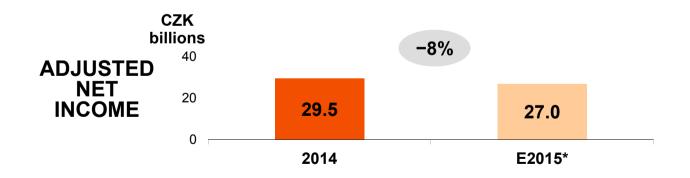
CEZ Group's Presence in the Energy Sector by Territory



IN 2015, WE EXPECT EBITDA OF CZK 70.0BN AND ADJUSTED NET INCOME OF CZK 27.0BN







The values of adjusted net income do not include extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as fixed asset impairments and goodwill amortization, extraordinary profit/loss from sale of assets or subsidiaries, or other extraordinary effects).