



# CEZ GROUP: THE LEADER IN POWER MARKETS OF CENTRAL AND SOUTHEASTERN EUROPE

**Investment story, September 2017**

# AGENDA



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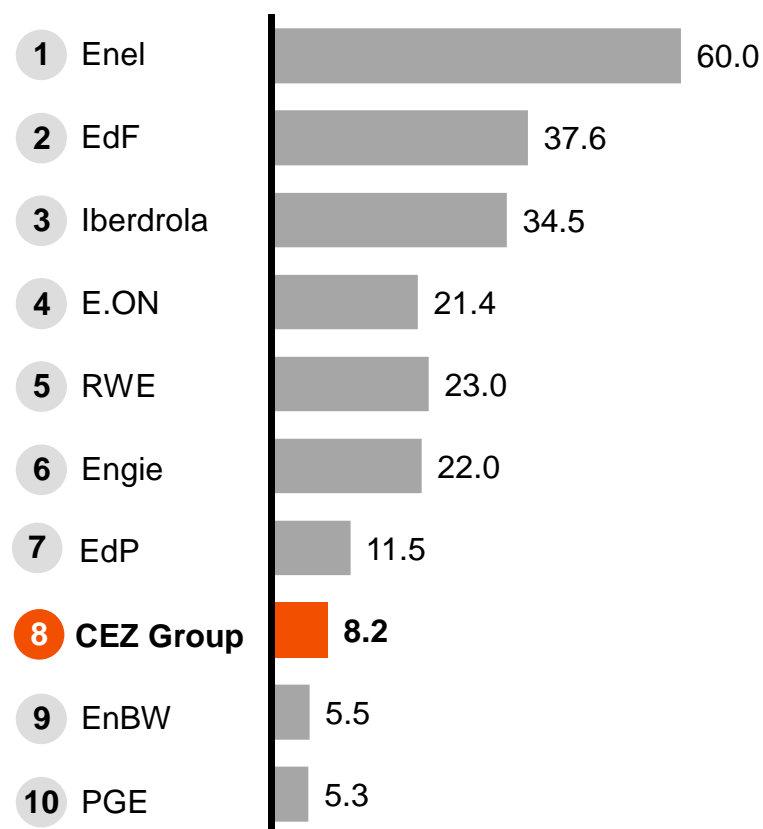
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# CEZ GROUP RANKS AMONG THE TOP 10 LARGEST UTILITY COMPANIES IN EUROPE



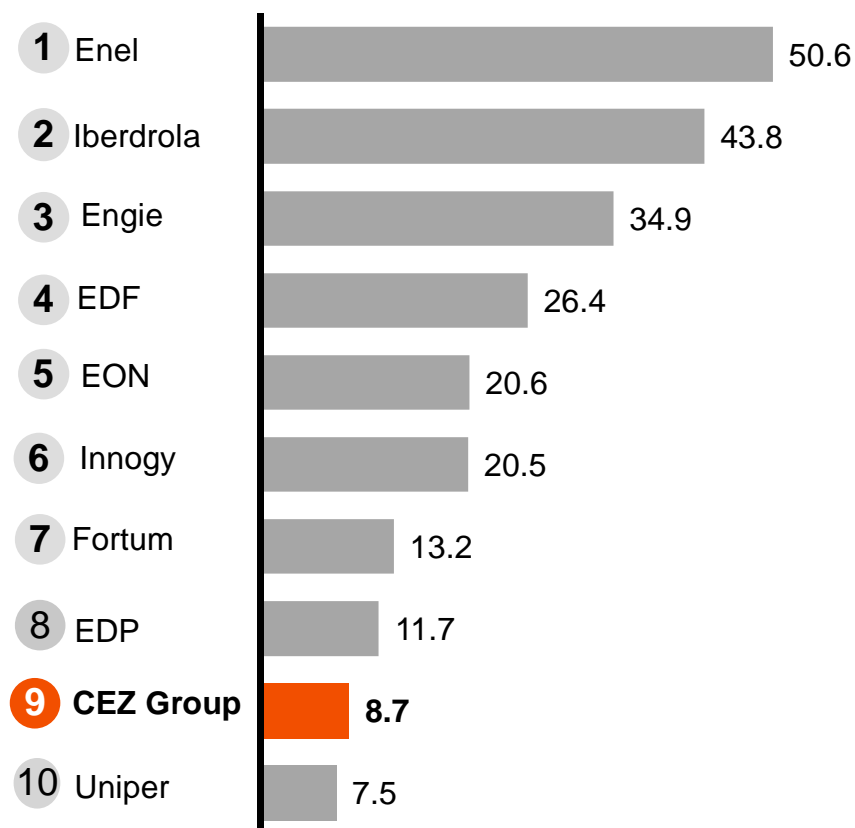
## Top 10 European power utilities

Number of customers in 2016, in millions

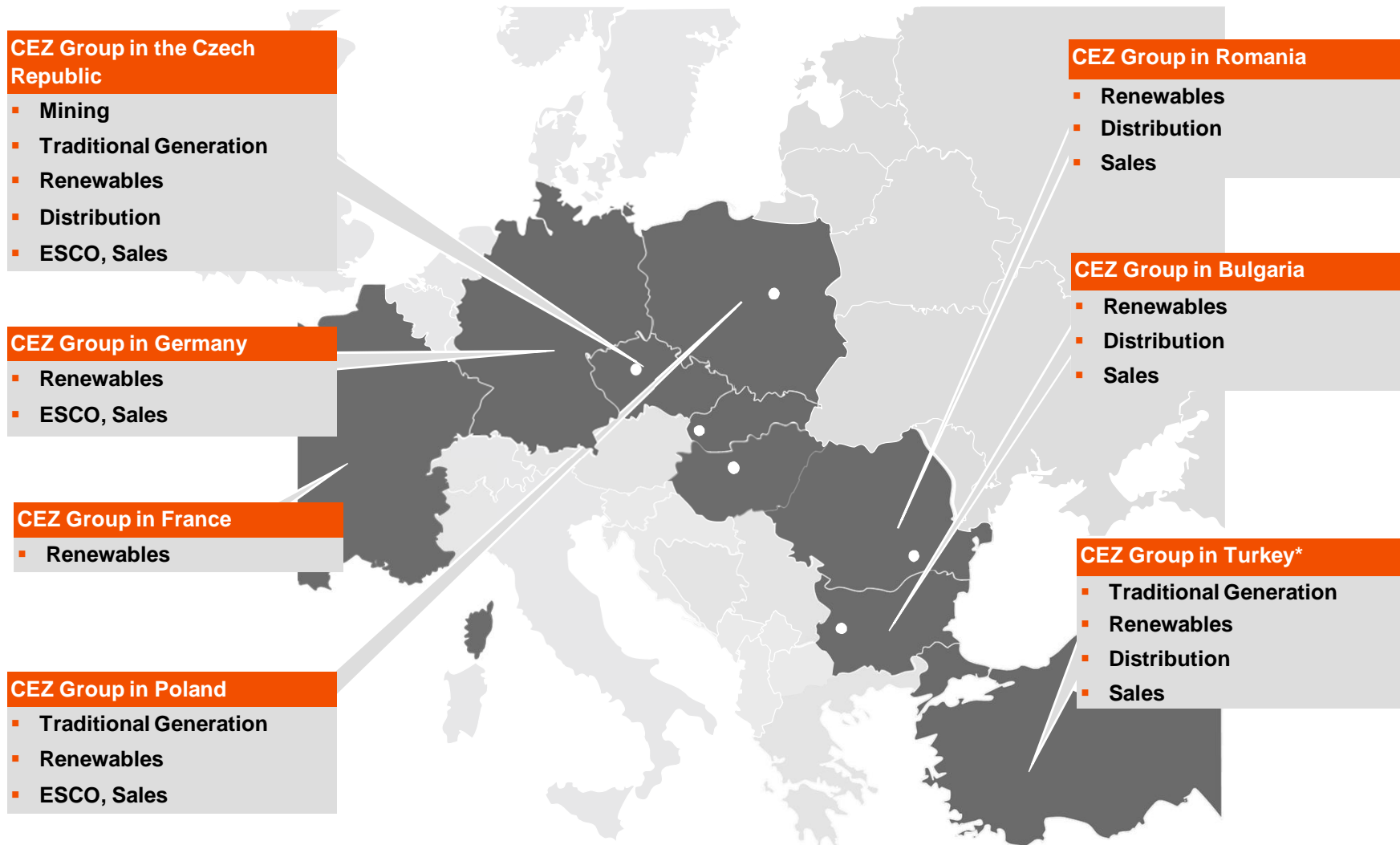


## Top 10 European power utilities

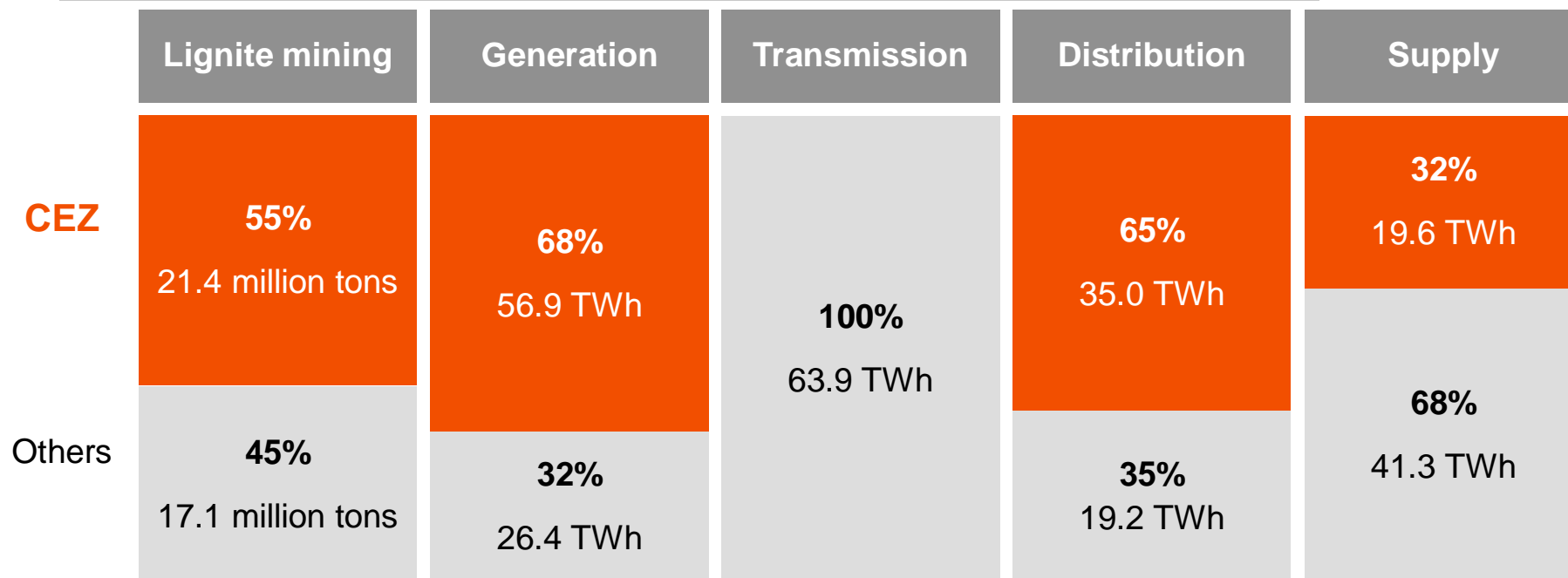
Market capitalization in EUR bn, as of August 23, 2017



# CEZ GROUP IS AN INTERNATIONAL UTILITY WITH A STRONG POSITION IN CEE AND GROWING PRESENCE IN WESTERN EUROPE



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



- CEZ fully owns the largest Czech mining company (SD) covering 68% of CEZ's lignite needs
- Remaining 3 coal mining companies are privately owned

- Other competitors – individual IPPs

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



- Other competitors – E.ON, PRE (58% held by EnBW), Bohemia Energy, Innogy, Centropol Energy

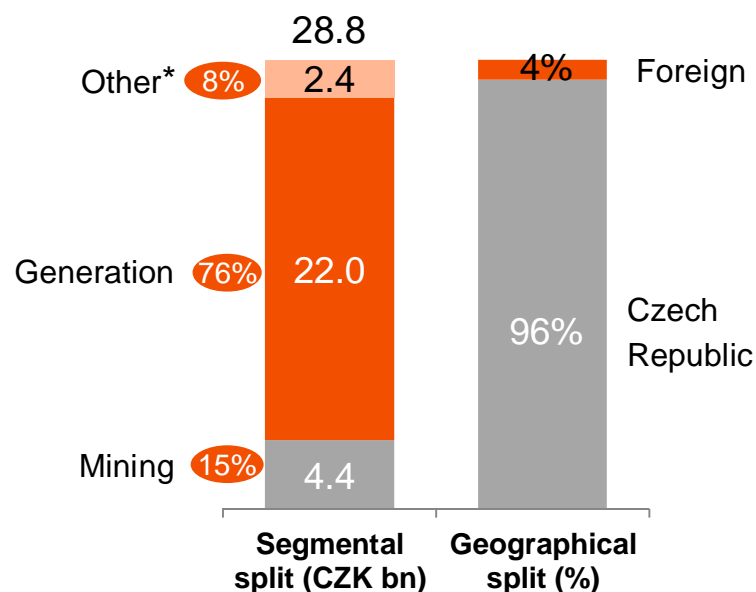
# SEGMENTAL AND GEOGRAPHICAL CONTRIBUTIONS TO EBITDA IN 2016



2016 EBITDA CZK 58.1bn

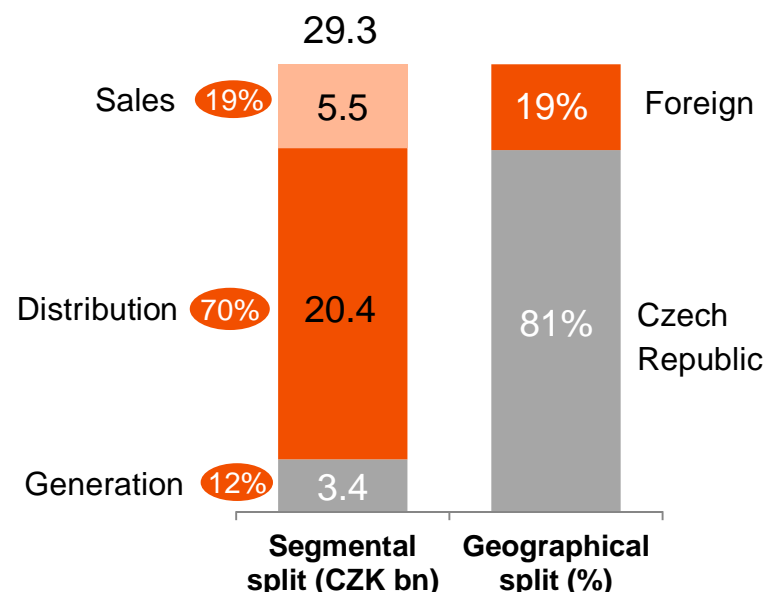
50%

**Traditional Generation  
2016 EBITDA**



50%

**Regulated and New Energy  
2016 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 renewables with focus on end customers
- Acquisitions and organic growth in stable countries

# CEZ GROUP'S STRATEGY AIMS AT MAXIMISING CASH FLOW FROM ITS TRADITIONAL BUSINESS AND INCREASING PRESENCE IN RENEWABLES, ESCO AND DISTRIBUTED ENERGY



## THREE PILLARS OF CEZ GROUP'S STRATEGY

I

**Be among the best in the operation of conventional electricity generation**

and proactively respond to the challenges of the 21st century

Strategy execution split between Operations and Development Teams (including setting of Quantitative goals until 2020)

### **Operations Team – additional CZK 3 bn EBITDA by 2020\***

- Cost reductions and efficiency increase in support services
- Power Generation and Mining optimization
- Strengthening position in the Heat market

II

**Offer a wide range of products and services to customers, which address their energy needs**

### **Development Team - additional CZK 6 bn EBITDA by 2020\***

- Acquisitions and Development in Renewable Generation, ESCO and distribution in Western and Central Europe
- Acquisition potential up to CEZ Group's leverage of 3x Net Debt / EBITDA
- Optimization of Distribution operations and Sales to retail
- Venture-type investments in Energy related areas in Europe

III

**Strengthen and consolidate our position in the region of Central Europe, especially in Renewables**

# AGENDA



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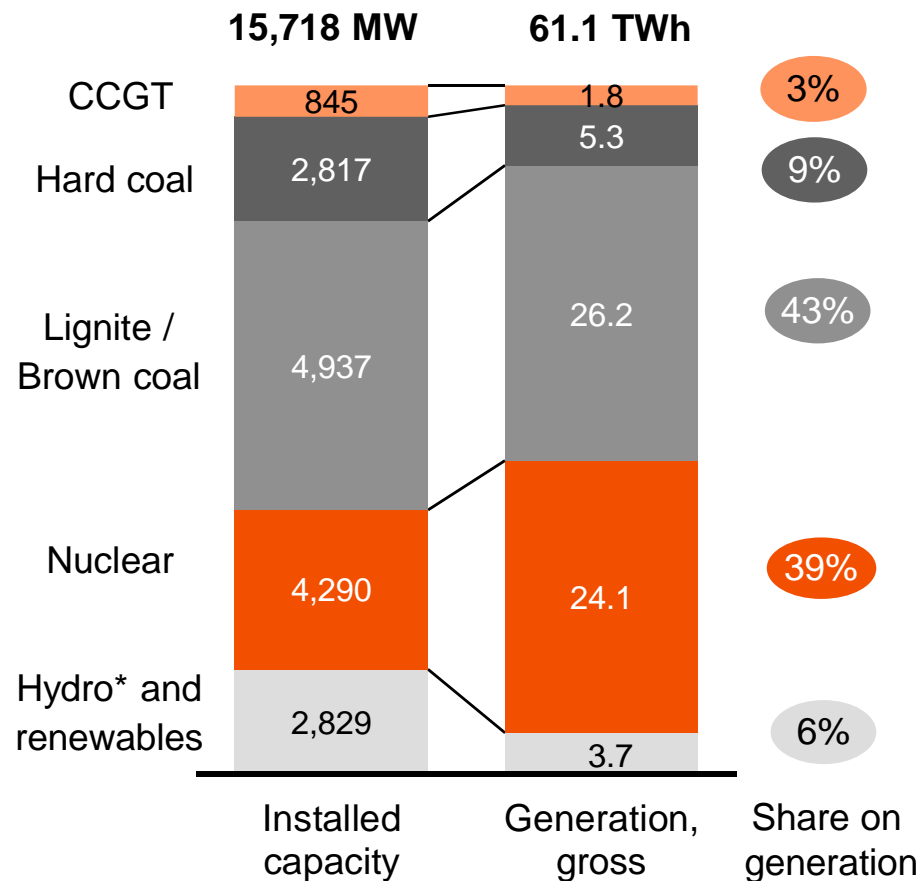
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# CEZ GROUP OPERATES LOW COST GENERATION FLEET



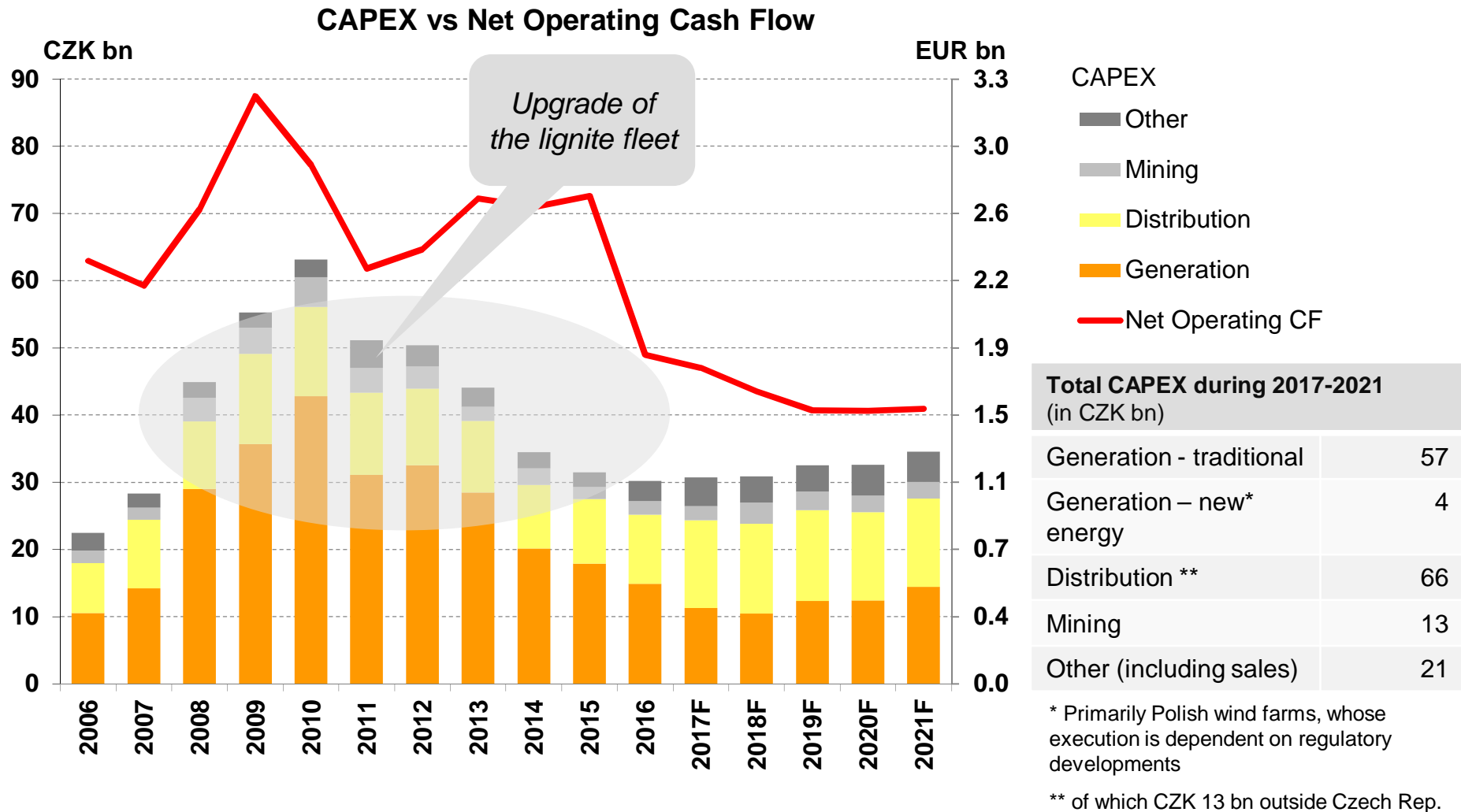
## Installed capacity and generation (2016)



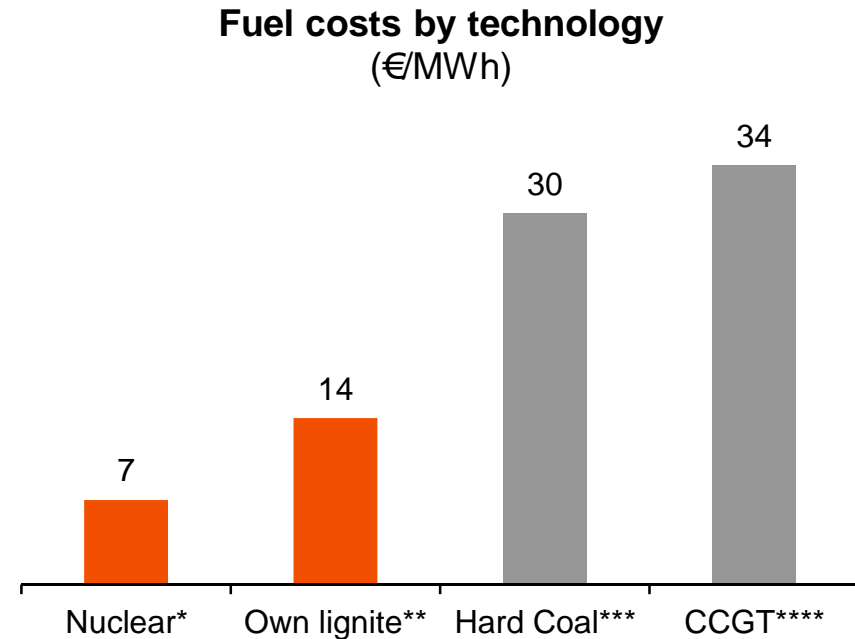
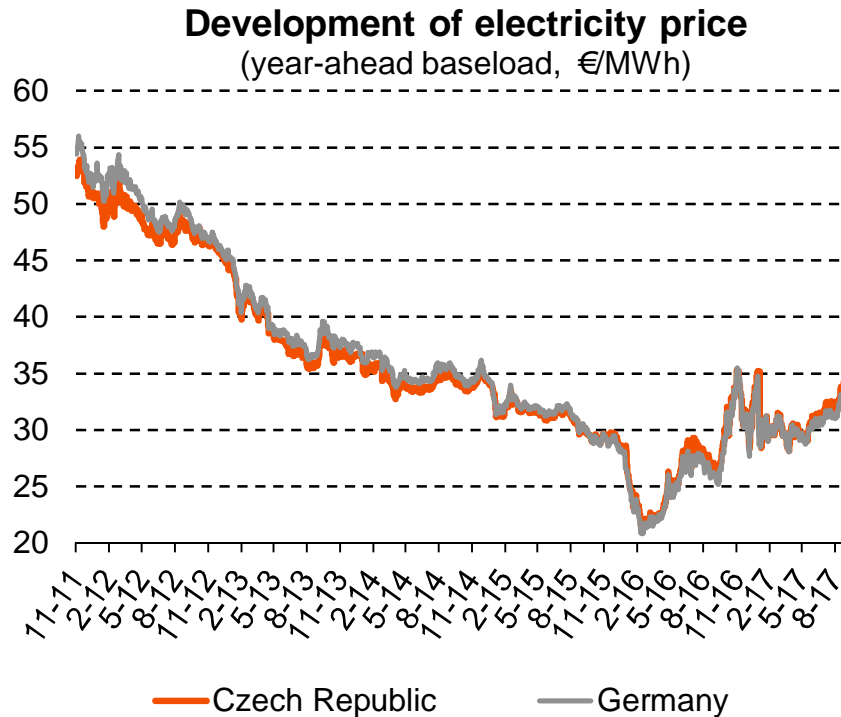
- **Coal power plants are using mostly lignite from CEZ's own mine** (68% of lignite needs sourced internally, remaining volume through long-term supply contracts)
- **Nuclear plants have very low operational costs**

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

# CEZ GROUP COMPLETED UPGRADE OF ITS LIGNITE FLEET, GOING FORWARD MAINTENANCE CAPEX ONLY



# LOW COST AND UPGRADED GENERATION PORTFOLIO IS A GREAT ADVANTAGE IN THE CURRENT LOW PRICE ENVIRONMENT



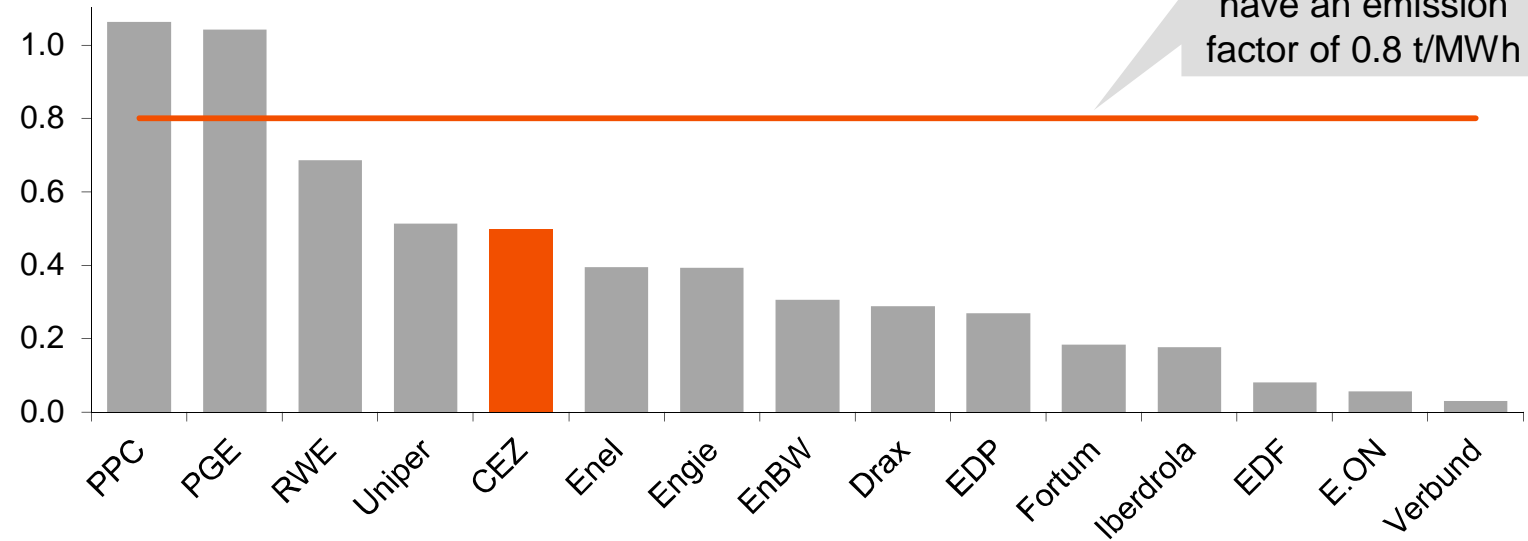
## Drivers of electricity price

- **hard coal prices** being mainly driven by levels of Chinese coal imports and shale gas discoveries in the US
- **low carbon prices** due to oversupply as a result of economic slowdown. EU ETS reform might support CO2 price.
- **growing capacity of subsidized renewables**
- **stagnating electricity demand**

# CEZ GROUP'S CO<sub>2</sub> INTENSITY IS BELOW INTENSITY OF A EUROPEAN PRICE SETTING PLANT



**Carbon intensity of selected European utilities**  
(2016, t/MWh)



Marginal European price setting plants have an emission factor of 0.8 t/MWh

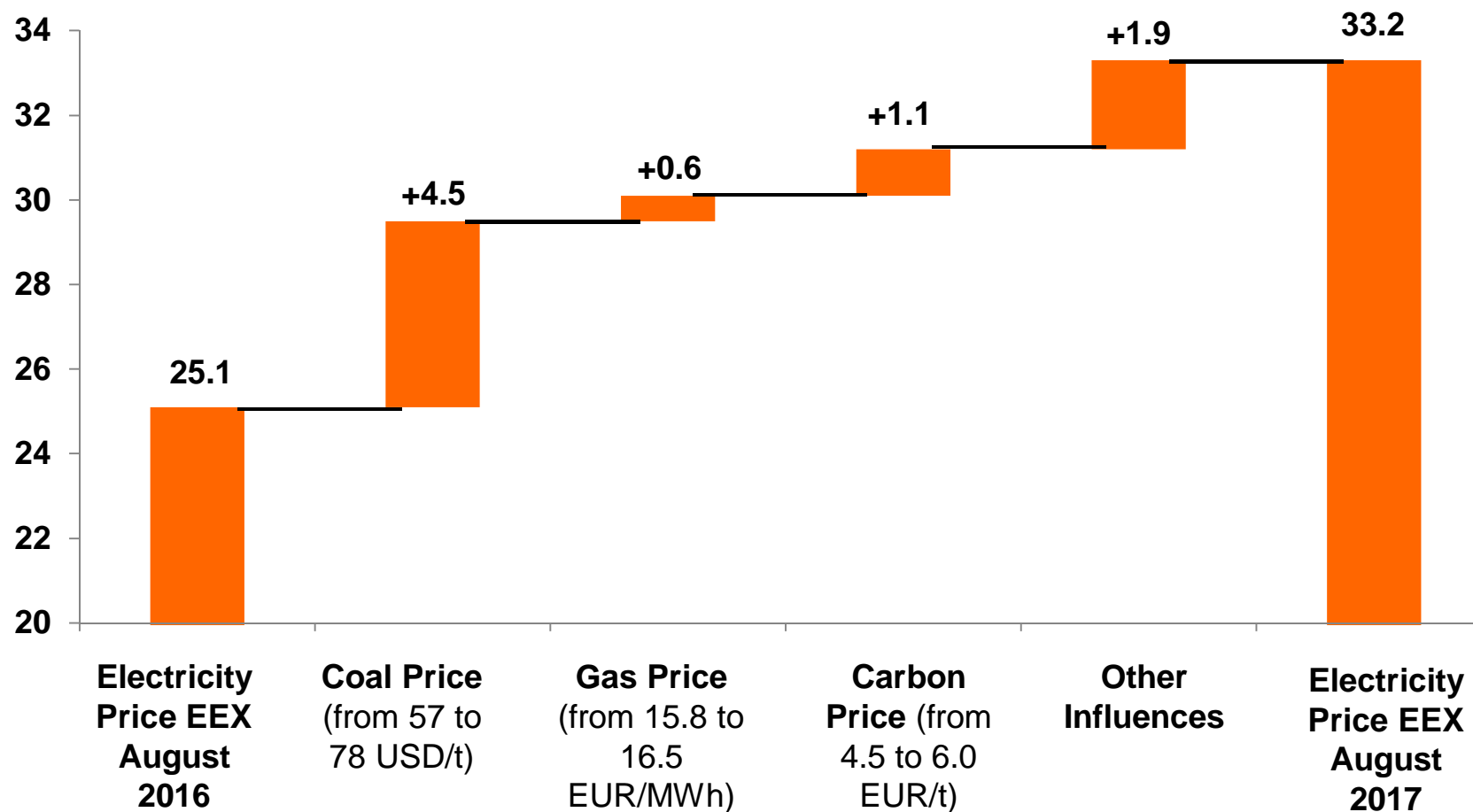


**Increase in CO<sub>2</sub> price has a positive impact on CEZ profitability\***

# OVER THE LAST YEAR THE ELECTRICITY PRICES HAVE RISEN MAINLY DUE TO HIGHER COAL PRICES



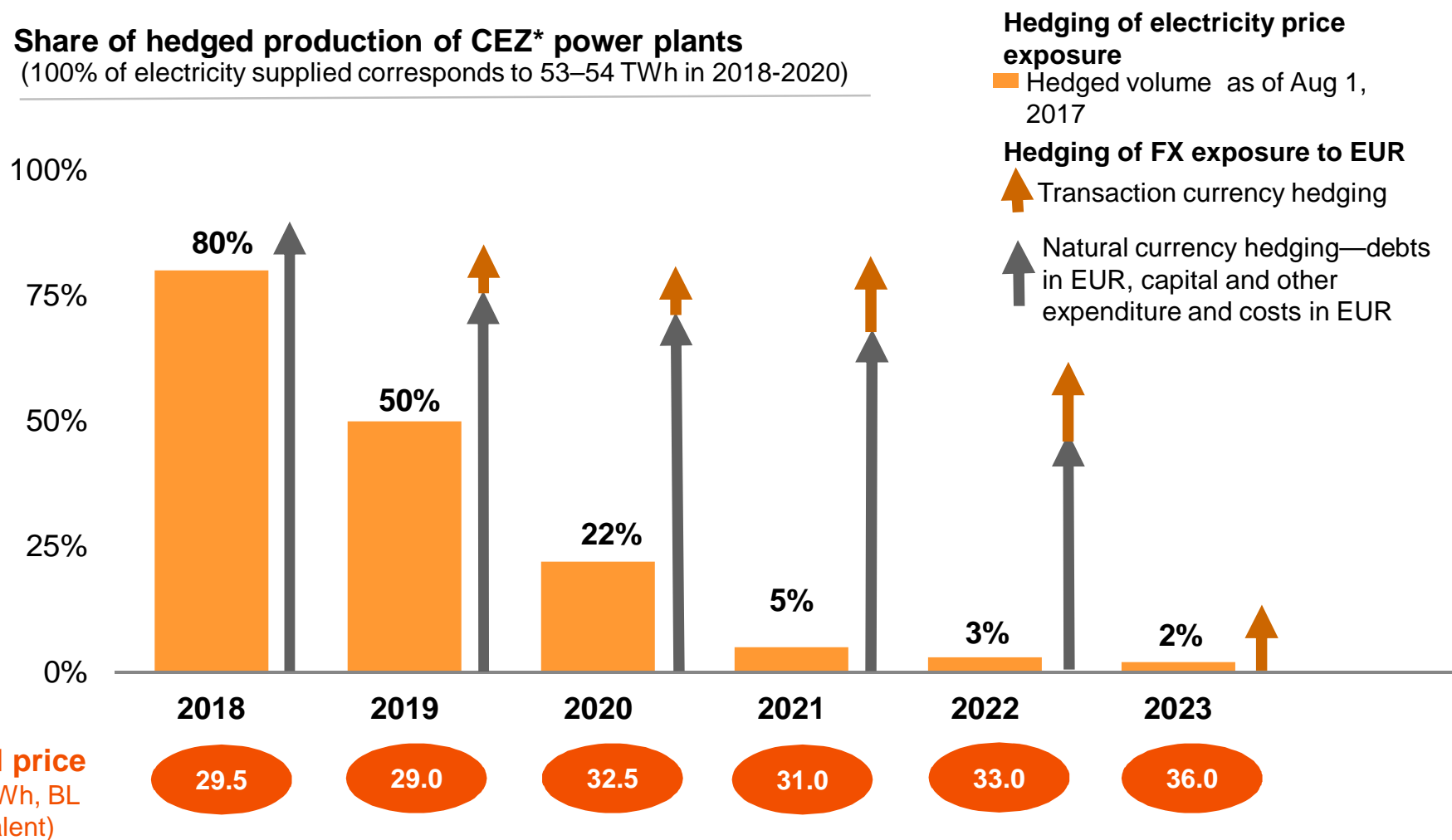
**Breakdown of factors influencing change in price of electricity since 08/2016**  
EUR/MWh (EEX, baseload Cal 2018)



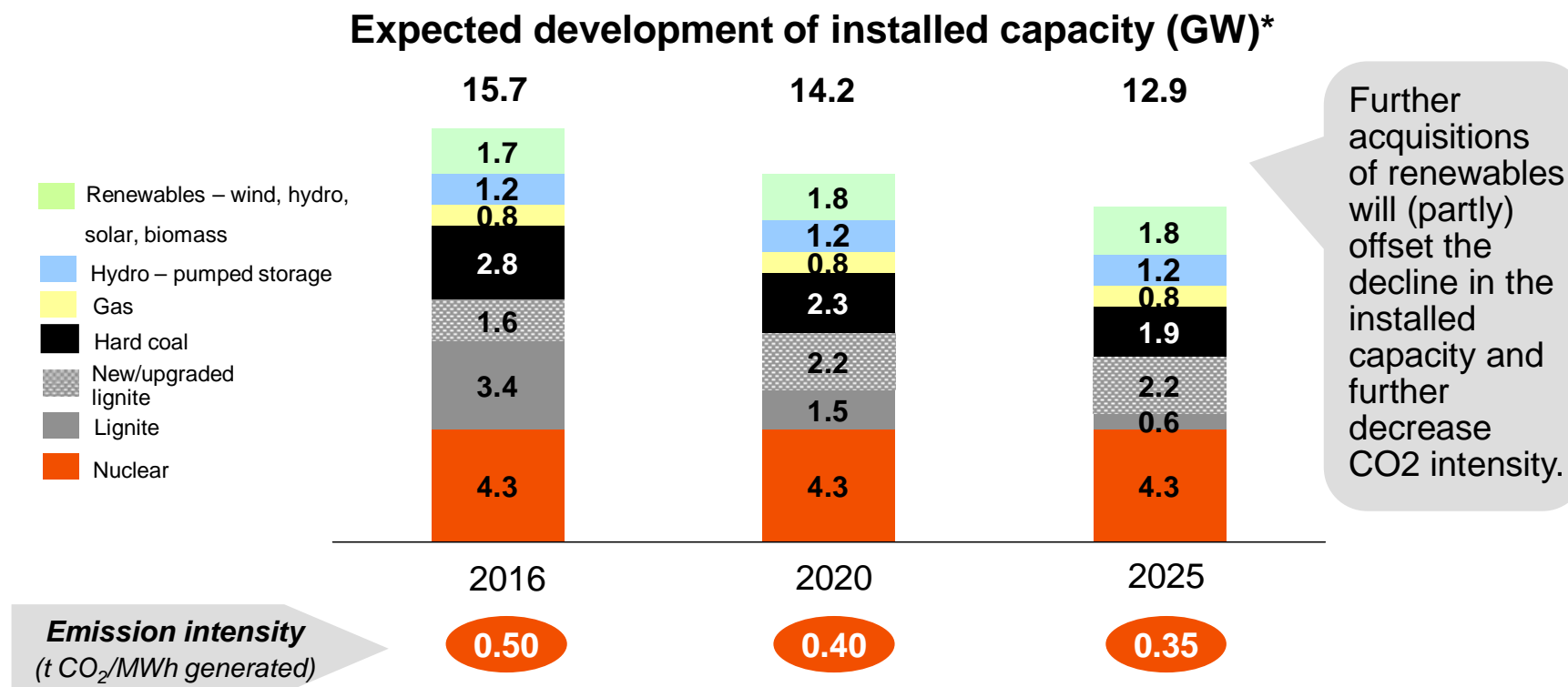
# CEZ HEDGES ITS PRODUCTION GRADUALLY WITHIN THE 3-YEAR HORIZON



**Share of hedged production of CEZ\* power plants**  
 (100% of electricity supplied corresponds to 53–54 TWh in 2018-2020)



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



- 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.
- CO2 emission intensity to decrease approximately by 30%.

# OPERATIONS TEAM

## STRATEGIC AMBITIONS FOR 2020



### Additional CZK 3 bn EBITDA by 2020\*

50%

Executed

50%

To execute

### Already implemented / Identified:

- Renewed lignite fleet
- Extension of licenses of Unit 1 and Unit 2 of Dukovany nuclear power plant for indefinite period
- Cost reduction and optimisation in mining and power generation
- Cost reduction and efficiency increase in support services
- Disposal of non-core assets, (e.g. sale of residential property in Prague)

### Areas of further focus:

- Extension of licenses for Dukovany nuclear power plant – Unit 3, 4 expected by the end of 2017
- Increasing nuclear output to levels before welding issues discovery (30+ TWh; +25% compared to 2016)
- Full operational availability of new Ledvice power plant (660MW)
- Further optimization of generation fleet performance and Mine-to-Plant interface
- Disposal of non-core assets.
- Cooperation with government in preparation of new nuclear project (within dedicated SPVs)



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# DEVELOPMENT TEAM

## STRATEGIC AMBITIONS FOR 2020



**Additional CZK 6 bn EBITDA by 2020\***

**40%**

**60%**

Executed

To execute

**Already implemented / Identified:**

### **DISTRIBUTION**

- Prepared conditions for distribution CAPEX projects to make the distribution grid ready for the decentralized generation - Increase of CAPEX in Czech Distribution by 35%\*\*

### **ESCO**

- Acquisition of ESCO leading company Elevion with annual revenues CZK 8bn (Germany)
- Acquisition of other ESCO companies with annual revenues of CZK 2bn mainly in the Czech Republic

### **RENEWABLES**

- Acquisition of running on-shore wind capacity 134 MW (Germany) and acquisition of on-shore wind farm development pipeline with secured PPA 102 MW (France)

**Areas of further focus:**

### **DISTRIBUTION**

- Operational efficiency of the Distribution segment in the Czech Republic and abroad.
- Realisation of CAPEX projects in the Czech Rep.

### **ESCO**

- ESCO and Local (site specific) Distribution Companies in the Czech Republic, Germany, Netherlands, Poland, Romania, Bulgaria

### **RENEWABLES**

- Renewables in Germany, France, UK (incl. Off-shore)
- integrated player in renewables - development, operation, maintenance and marketing of renewables

### **OTHER**

- Further investments by CEZ's venture fund – Inven
- Maximizing CF and optimizing capital and ownership structure, including divestment of selected foreign assets

# IN 2016 CZECH DISTRIBUTION MADE UP FOR 70 % OF DEVELOPMENT TEAM EBITDA, TRANSPARENT CZECH REGULATION INCENTIVISES HIGHER INVESTMENTS

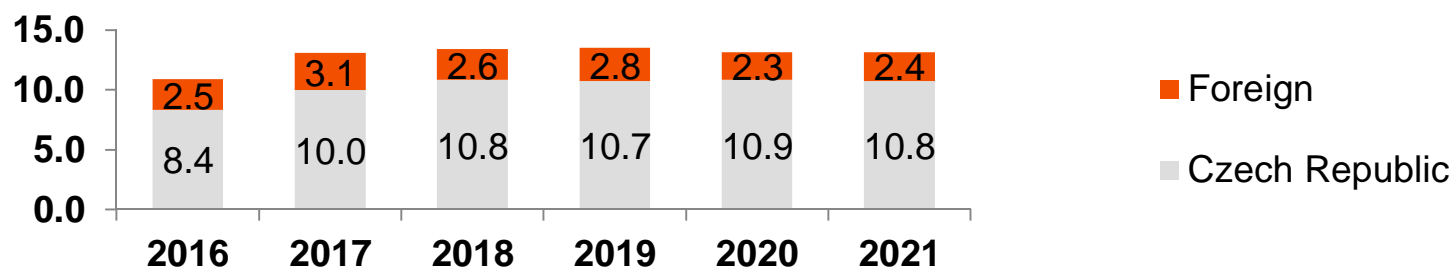


## Overview of 2017 regulation parameters and 2016 EBITDA contribution

	Czech Republic 2017	Bulgaria 2017	Romania 2017
RAB (local currency m)	92,750	544	2,384
RAB (€ m)	3,433	278	525.1
WACC pre-tax	7.951% (nominal)	7.04% (nominal)	7.7% (real)
Regulatory period	2016 – 2018 (2020*)	2015 - 2018	2014 - 2018
2016 EBITDA (CZK bn)	17.5	1.3	1.8

\* On 31st August 2017 Energy Regulatory Office published the proposal for extension of 4th regulatory period till 31st December 2020. The proposal will undergo a public consultation process. The final decision is expected to be published at the end of 2017 latest.

## CZK bn CAPEX plan in the distribution segment



# THE GERMAN ACQUISITION IS A MAJOR STEP TOWARD FULFILLING OUR STRATEGIC AMBITIONS IN ESCO



Having acquired the ELEVION group, CEZ Group more than doubled the number of its experts in ESCO services and already generates annual sales of approx. CZK 13bn today.

Indicative values today*	ČEZ ESCO (Czech Republic)	ELEVION (Germany)	ESCO TOTAL
<b>ANNUAL SALES</b>	<b>Approx. CZK 5bn</b>	<b>Approx. CZK 8bn</b>	<b>Approx. CZK 13bn</b>
<b>Past sales growth (incl. acquisitions)</b>	Almost 60% annually on average in the past 2 years	30% annually on average in the past 5 years	N/A
<b>EBITDA/SALES</b>	<b>6%–7%</b>	<b>5%–6%</b>	<b>Over 6%</b>
<b>ASSETS</b>	<b>Approx. CZK 5bn</b>	<b>Approx. CZK 3bn</b>	<b>Approx. CZK 8bn</b>
<b>EMPLOYEE HEADCOUNT</b>	<b>Approx. 1,300</b>	<b>Over 1,800</b>	<b>Over 3,100</b>

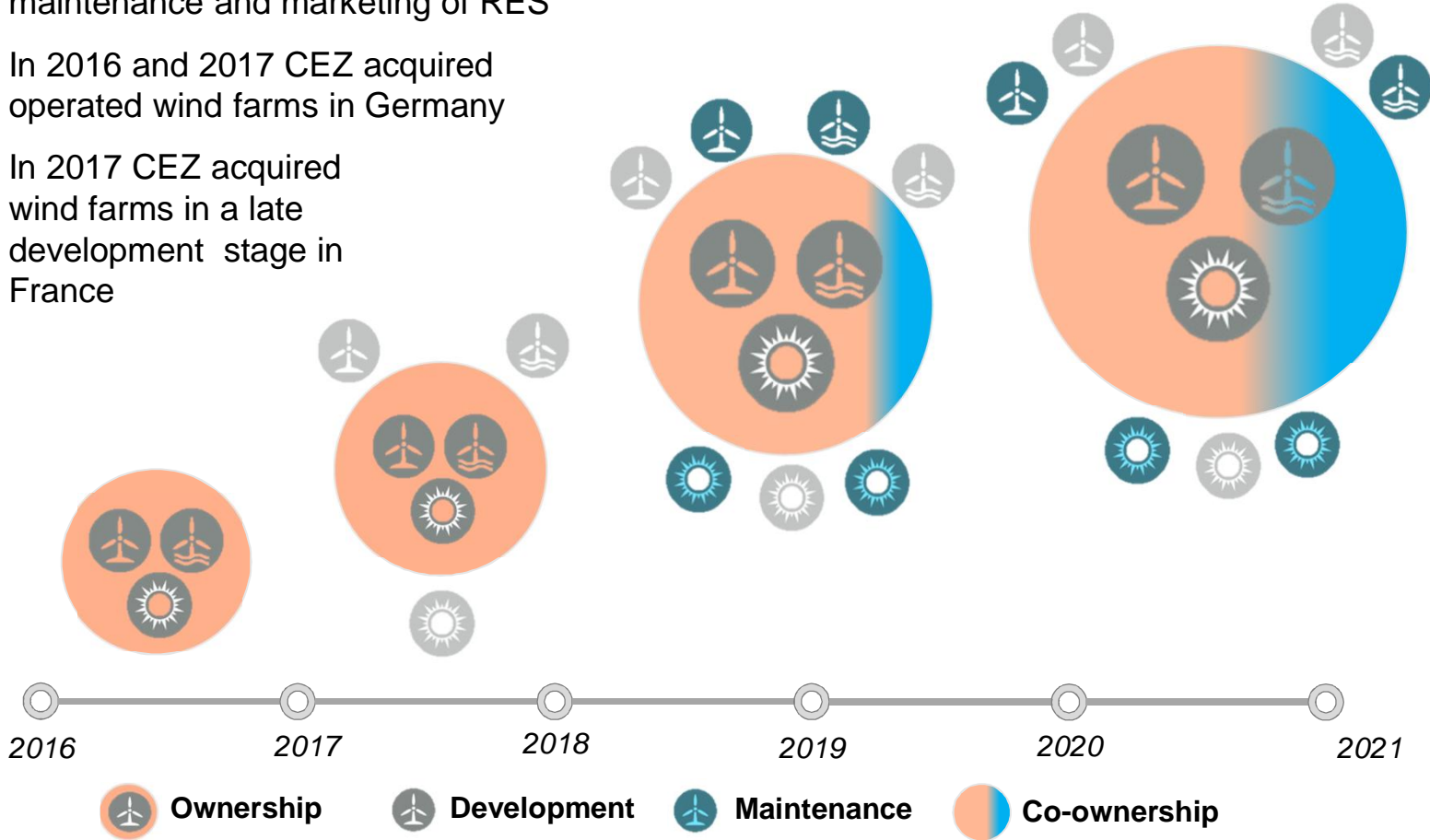
The potential for CEZ Group’s dynamic growth in ESCO is amplified by the EU countries’ commitment to major energy savings by 2030.

- 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.

# CEZ GROUP AIMS TO BECOME AN INTEGRATED PLAYER IN RENEWABLES



- CEZ aims to become a fully integrated development, operating, maintenance and marketing of RES
- In 2016 and 2017 CEZ acquired operated wind farms in Germany
- In 2017 CEZ acquired wind farms in a late development stage in France



# NEW ACQUISITIONS OF WIND TURBINES IN GERMANY AND PROJECTS IN FRANCE WILL HELP US ACHIEVE OUR STRATEGIC AMBITION FOR 2020



## We entered the wind energy market in France

- Acquisition of projects for 9 wind farms in a late development stage in six regions with a target installed capacity of up to 101.8 MW
- All the farms have purchasing prices guaranteed for 15 years
- Possibility to optimize turbine purchases and simultaneously influence construction parameters
- We expect connection to the grid and first revenues in 2019 to 2022
- The seller was ABO wind, a renowned development company

## Acquisition of another operated wind farm in Germany

- 14 operated turbines with a total installed capacity of 35.4 MW
- Operating support in the form of a 20-year feed-in tariff
- The wind farm is located in western Germany (Lettweiler Höhe near Rehborn in Rhineland-Palatinate)
- The seller was KGAL, a renowned German RES fund

### This is raising CEZ Group's total capacity at wind farms in 2017 to 769.9 MW

- The total installed capacity of operated German farms is 133.5 MW (12.8 MW at the Fohren-Linden park, 85.25 MW at parks from wpd's portfolio, and 35.4 MW at the latest acquisition in Rhineland-Palatinate). There are 53 wind turbines in total.
- CEZ acquisitions to date generate CZK 0.85bn EBITDA potential for fulfilling the 2020 strategic financial target for Renewables (achieving additional\* 2020 EBITDA of CZK 3bn).

## CEZ Group wind installations in Germany:



### Germany

- Feed-in tariff – average of 89 EUR/MWh (flat)

### France

- Project pipeline up to 102 MW – if successful commissioning expected in 2019-22
- PPA secured – average price of 81 EUR/MWh (escalated)

# CEZ INVESTS IN INNOVATIVE ENERGY COMPANIES



**INVEIN CAPITAL**  
CEZ GROUP

**CZK 5bn Committed capital (by CEZ Group), CZK 1.2bn already invested, Investment Period – 5-7 year**



- Sonnen** - smart battery systems for storing energy from solar panels and other renewable energy sources. CEZ ESCO already installed first Sonnen battery in the CR. More than 12 000 installations globally (mainly Germany, Austria, Switzerland, expanding in US, Australia, Italy)



5 |



Sonnen voted most innovative company in the Global Cleantech 100 list 2016.



- Sunfire** - unique reversible fuel cell technology, which is able to convert a fuel (such as natural gas) into electricity and heat as well as electricity back into hydrogen and other gases (Power-to-Gas) or synthetic fuels (Power-to-Liquids).



- Tado** – the European leader in smart thermostats, integrates heat and AC management, integration with more than 5 000 heating and AC systems, ability to provide diagnostics of connected equipment

CLOUD&HEAT



- Cloud & Heat** – designs, builds, and operates environmentally friendly, water-cooled, public and private data centers for cloud computing. The solution makes use of heat from servers to heat offices and water in office buildings, up to 50% reduction in operating costs in comparison with conventional solutions.



- Vulog** - the global independent leader in providing technology for shared mobility, offering end-to-end solutions enabling mobility operators to launch large-scale carsharing services.

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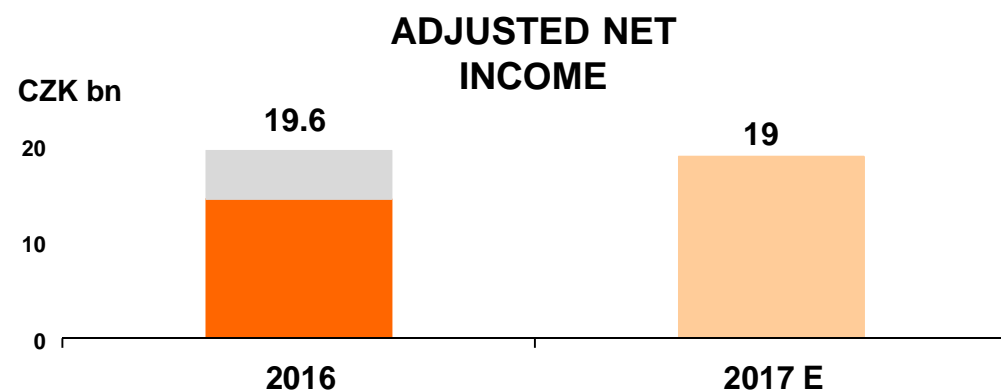
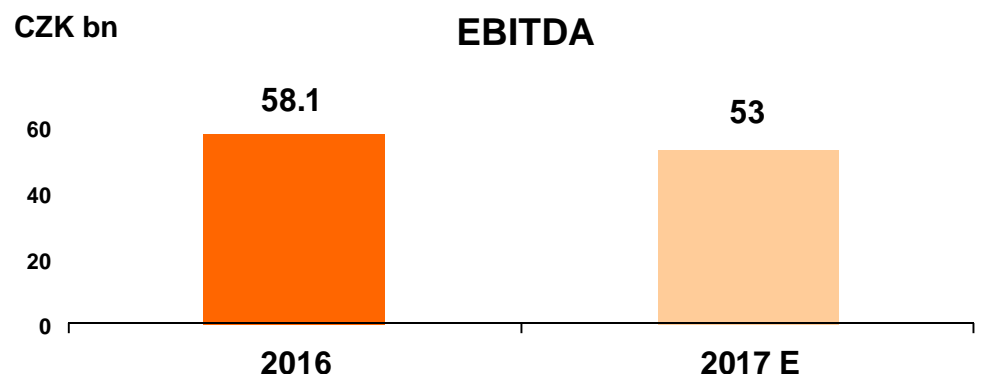


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# WE EXPECT 2017 EBITDA OF CZK 53BN, ADJUSTED NET INCOME OF CZK 19BN



Adjustment of net income  
 2016 net income

## Selected year-on-year negative effects:

- Decrease of achieved hedged electricity prices
- Positive effect of unbilled electricity settlement in 2016

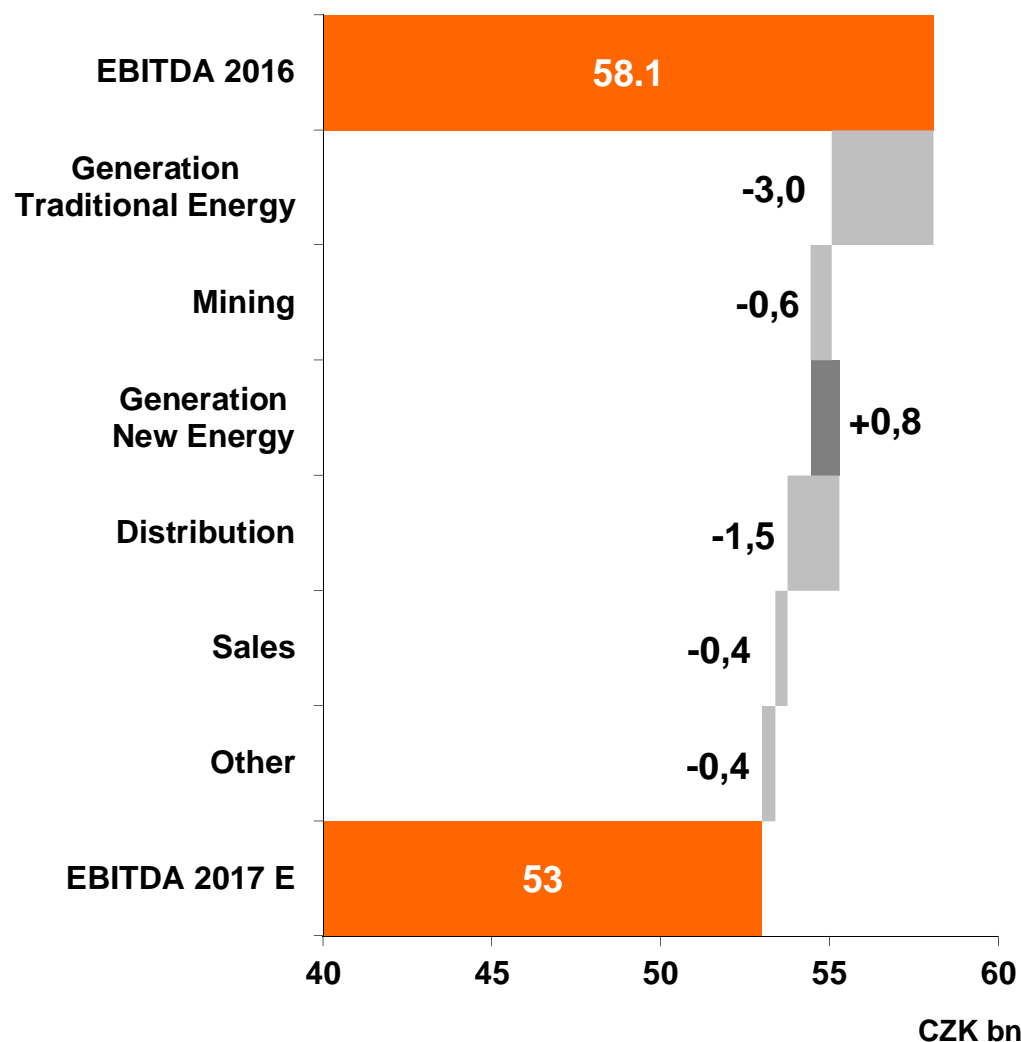
## Selected year-on-year positive effects:

- Higher electricity production
- Successful sale of MOL shares
- Payment of SŽDC debts from 2011
- Positive effect of settlement agreement with Sokolovská uhelná company

## Selected prediction risks:

- Availability of generating facilities in the Czech Republic
- Changes in regulatory and legislative conditions for the energy sector in Europe

# EXPECTED YEAR-ON-YEAR CHANGE IN EBITDA - MAIN CAUSES BY SEGMENT (2017 VS. 2016)



## Generation—Traditional Energy

- Lower profit on commodity trading, active dispatching and balancing, and ancillary services
- Higher expenses on emission allowances
- Decrease in electricity realization prices incl. hedging offset by increased production at nuclear power plants
- Higher fixed expenses on safety and long-term operation at nuclear facilities
- Positive effect of settlement with Sokolovská uhelná company

## Mining

- Primarily, increased fee for mined minerals and decreased revenues from coal sales

## Generation—New Energy

- Allocation of 2013–2015 certificates for wind farms in Romania in 2016
- Addition to impairments for EWC 2016 projects
- RES acquisitions in 2016 and development goals

## Distribution

- Positive effect of unbilled electricity settlement in the Czech Republic in 2016
- Effect of correction factors and higher permitted revenues

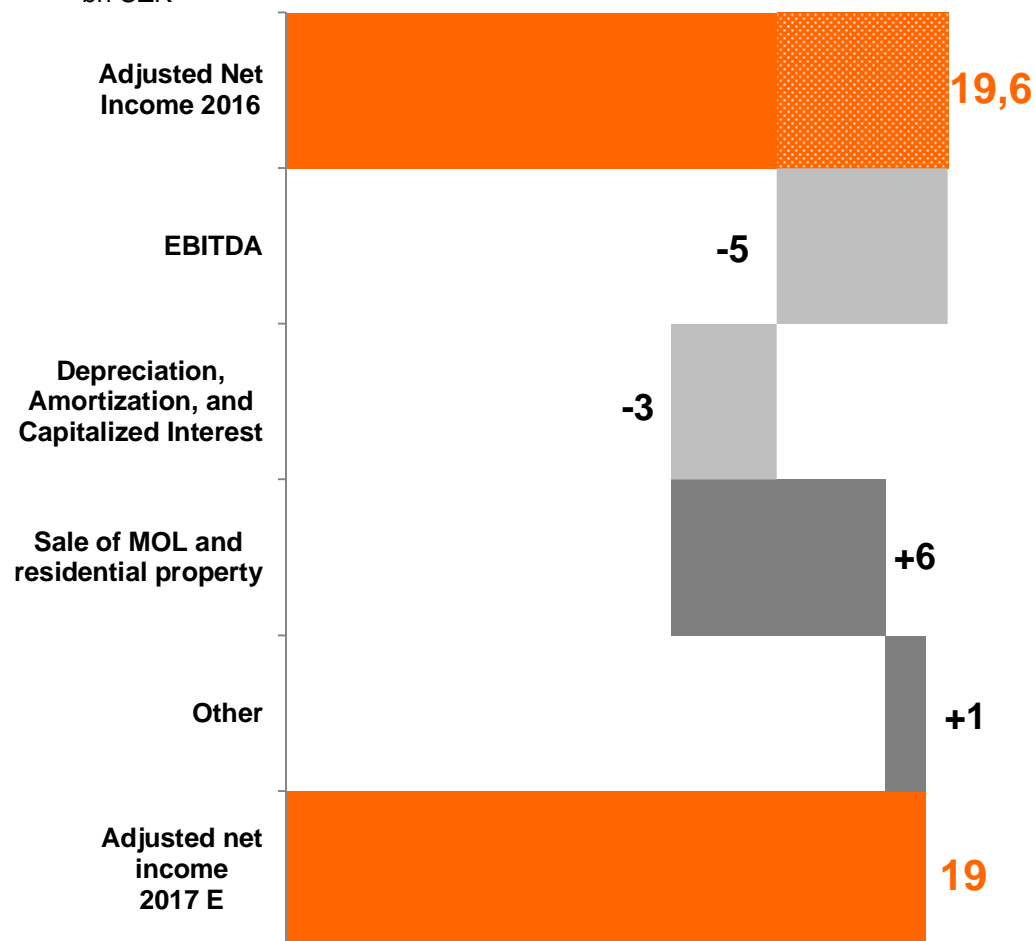
## Sales

- Positive effect of unbilled electricity settlement in the Czech Republic in 2016
- Taking up specific market opportunities in electricity and gas sales in 2016 (especially a significant drop in electricity prices)
- Out-of-court settlement agreement between CEZ Elektro BG and NEK in 2017 concerning RES receivables
- Expected payment of SŽDC debts from 2011

# EXPECTED YEAR-ON-YEAR CHANGE IN NET INCOME - MAIN CAUSES (2017 VS. 2016)



bn CZK



## Main causes of year-on-year change:

### EBITDA

- Effect of unbilled electricity settlement in the Czech Republic in 2016 and effect of correction factors (CZK -2.7 bn)
- Lower profit on business activities and ancillary services
- Higher expenses on emission allowances
- Higher fixed expenses on safety at NPPs
- Decrease in electricity realization prices including hedging offset by increased production at NPPs
- Expected payment of SŽDC debt from 2011
- Positive effect of settlement with Sokolovská uhelná company
- Positive effect of new RES acquisitions from late 2016

### Depreciation, Amortization, and Capitalized Interest

- Increase in depreciation and amortization and lower interest capitalization, primarily due to completion of comprehensive renovation of Prunéřov Power Plant in 2016 and due to expected completion of new coal-fired unit in Ledvice in 2017

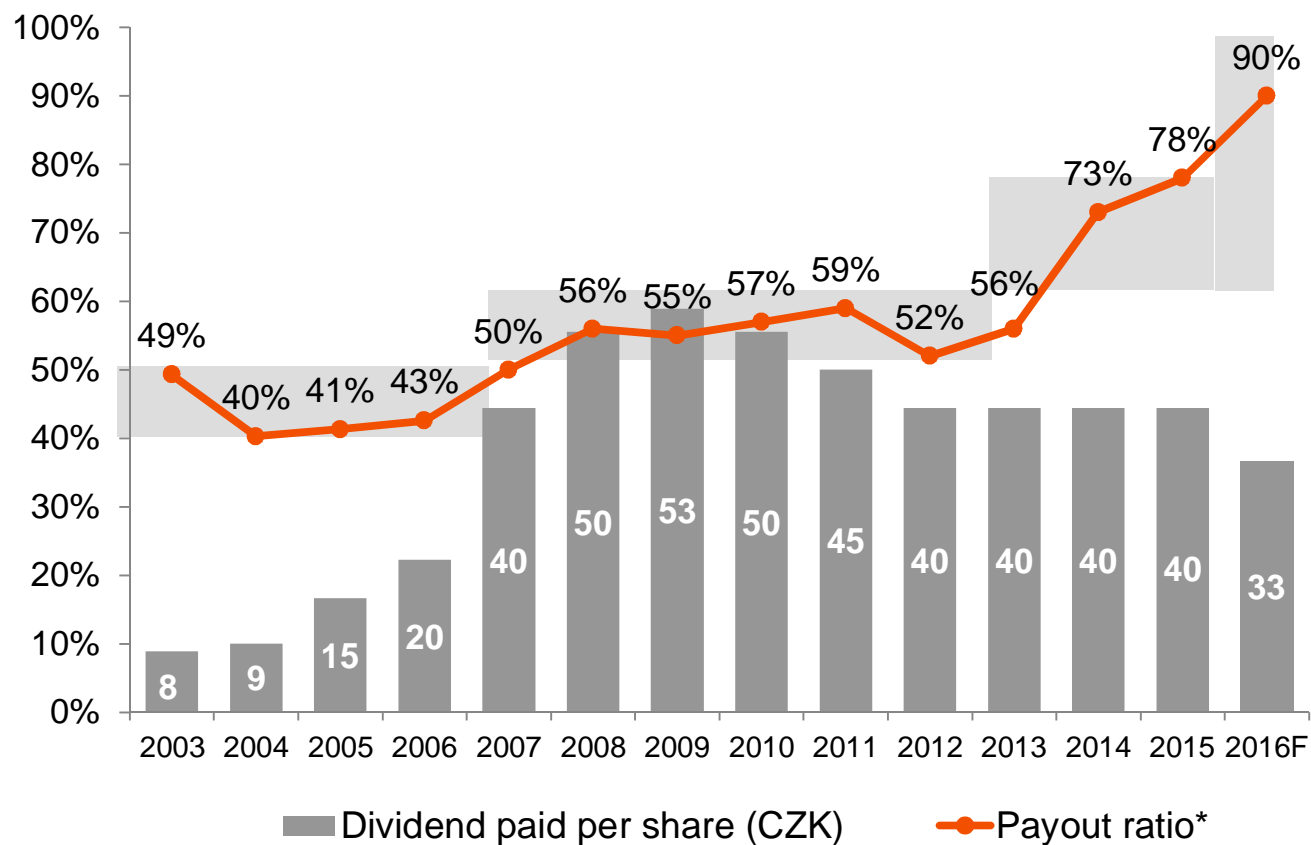
### Sale of MOL shares and sale of residential property (CZK +6.4 bn)

- MOL effect in total (CZK +5.3 bn) – positive impact in 2017 P/L (CZK +4.6 bn), negative impact in 2016 P/L (CZK -0.8 bn)
- Profit from sale of residential property in Prague (CZK 1.1 bn)

# DIVIDEND POLICY IS TO DISTRIBUTE 60 – 100 % OF ADJUSTED NET INCOME OF 2016 AND 2017 PROFITS



**Payout ratio\* (%)**



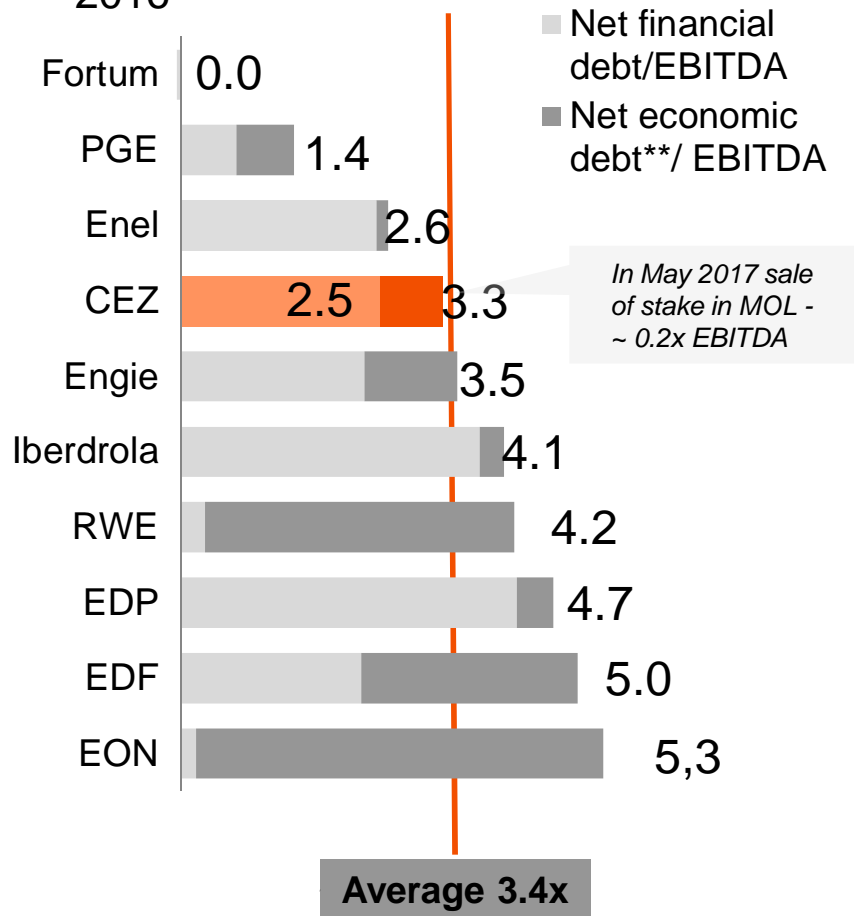
- In June 2017 general meeting of CEZ approved management proposal for 2016 dividend CZK 33 per share
- Dividend payment started on 1st August 2017

# CURRENT LEVERAGE ALLOWS FOR DEBT FINANCED ACQUISITIONS WITHOUT EXCEEDING ND/EBITDA 3.0x



## Net economic debt/ EBITDA\*

2016



## Current credit rating

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

## Tolerated leverage

- net financial debt/EBITDA ratio at 2.5-3.0x
- assumes funding of new development activities (primarily acquisition of renewable projects, distribution, sales and heat assets)

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

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# SUMMARY

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- CEZ is operating renewed low cost and profitable generation fleet and is positioned to get upsides from rising CO2 and/or hard coal prices
- Future growth of CEZ comes from ESCO, distributed energy and renewables in countries in which CEZ is present in Central/Western Europe:
  - CEZ increased its investments into distribution
  - CEZ acquired ESCO companies in the Czech Republic and Germany and aims to become a leading player in energy efficiency solutions
  - CEZ acquired renewables in Germany and France and aims to become a fully integrated development, operating, maintenance and marketing of RES
- CEZ leverage allows for debt financed acquisitions not exceeding ND/EBITDA 3.0x
- Dividend policy for 2017 profit remains at 60-100% of adjusted net income

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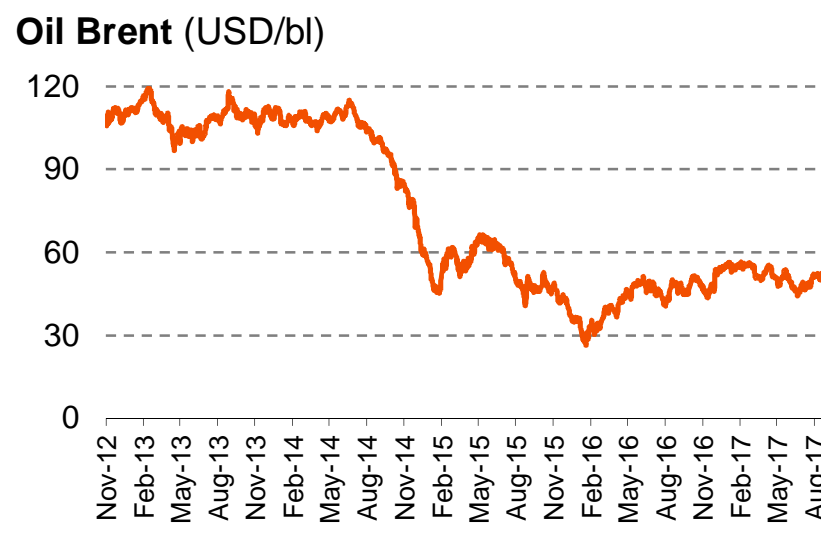
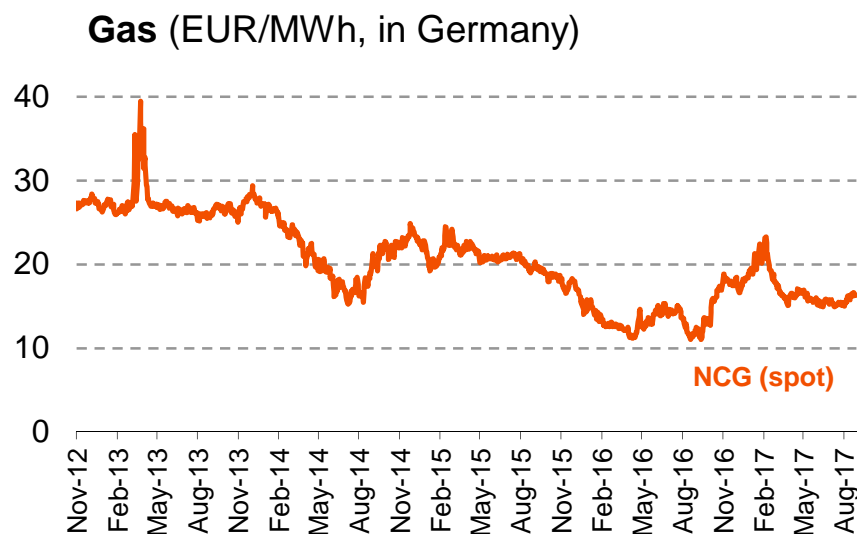
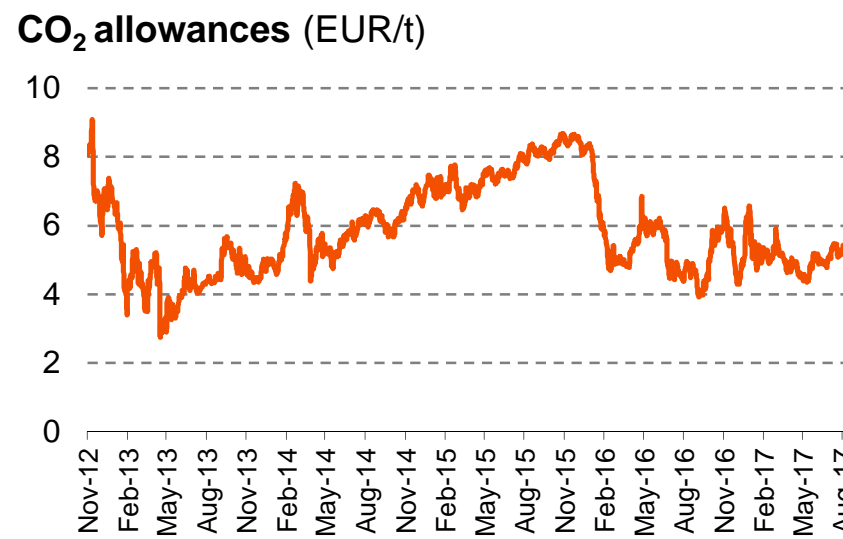
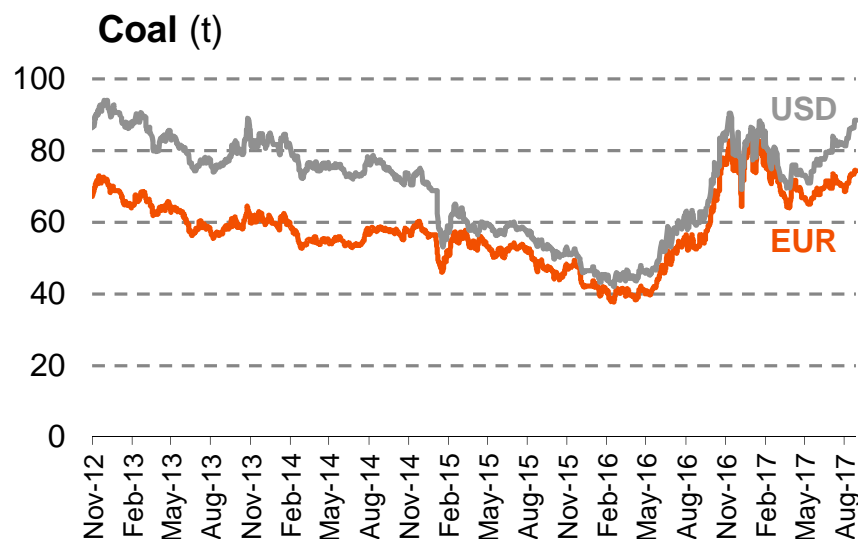


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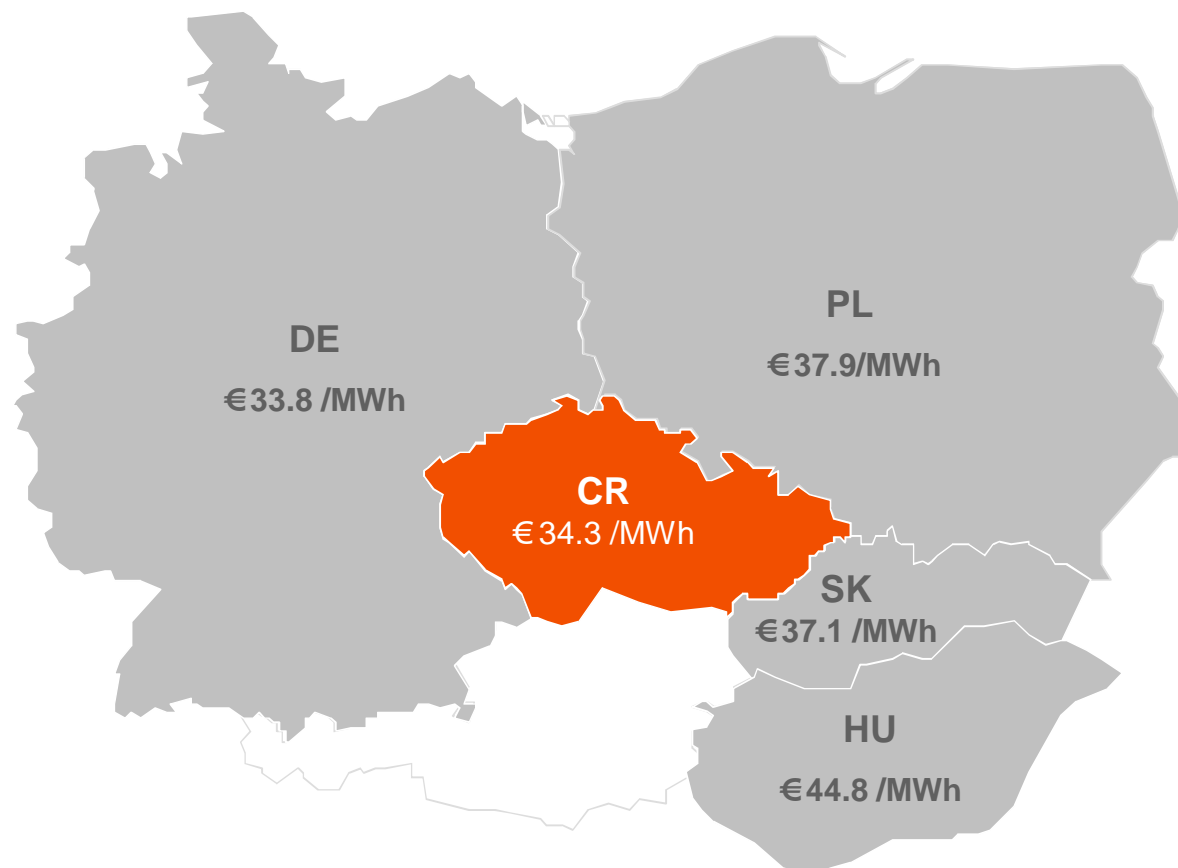
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# HISTORICAL DEVELOPMENT OF PRICES OF INPUT COMMODITIES



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

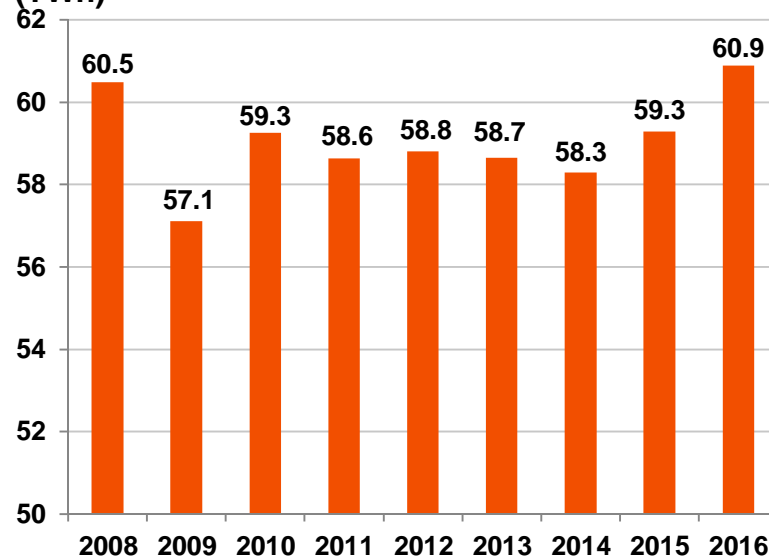


Source: EEX, PXE, TGE

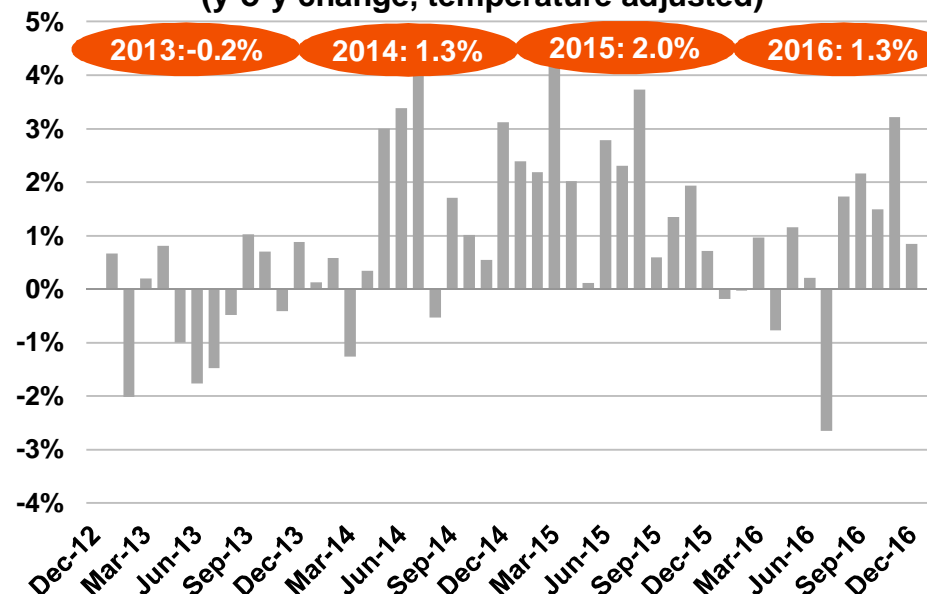
# TEMPERATURE AND CALENDAR ADJUSTED ELECTRICITY DEMAND GREW BY 1.3% IN 2016



Net electricity consumption in the Czech Republic (TWh)



Monthly development in Czech electricity consumption (y-o-y change, temperature adjusted)\*



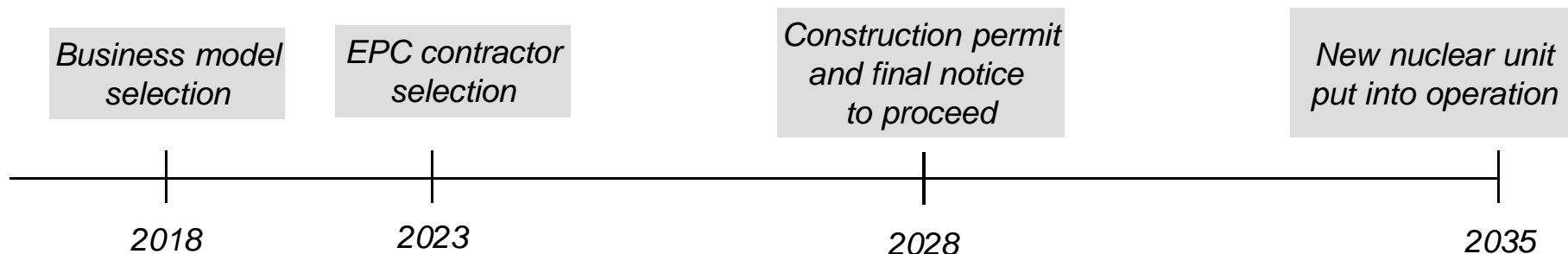
- **Temperature adjusted electricity consumption** in the Czech Republic **grew by 1.3% in 2016**
- **Unadjusted consumption** in the Czech Republic **grew by 2.7% in 2016**, of which:
  - + 2.9% large industrial companies
  - + 3% households
  - + 2.4% small businesses
- **Temperature- and Calendar- Adjusted consumption** in the distribution area of CEZ Distribuce\*\* **grew by 4.3% in 1H 2017**
- **Unadjusted consumption** in the distribution area of CEZ Distribuce\*\* **grew by 4.2%**
  - + 5% large industrial companies
  - + 3.8% households
  - + 2.1% small businesses

# PROJECT OF NEW NUCLEAR IN THE CZECH REPUBLIC

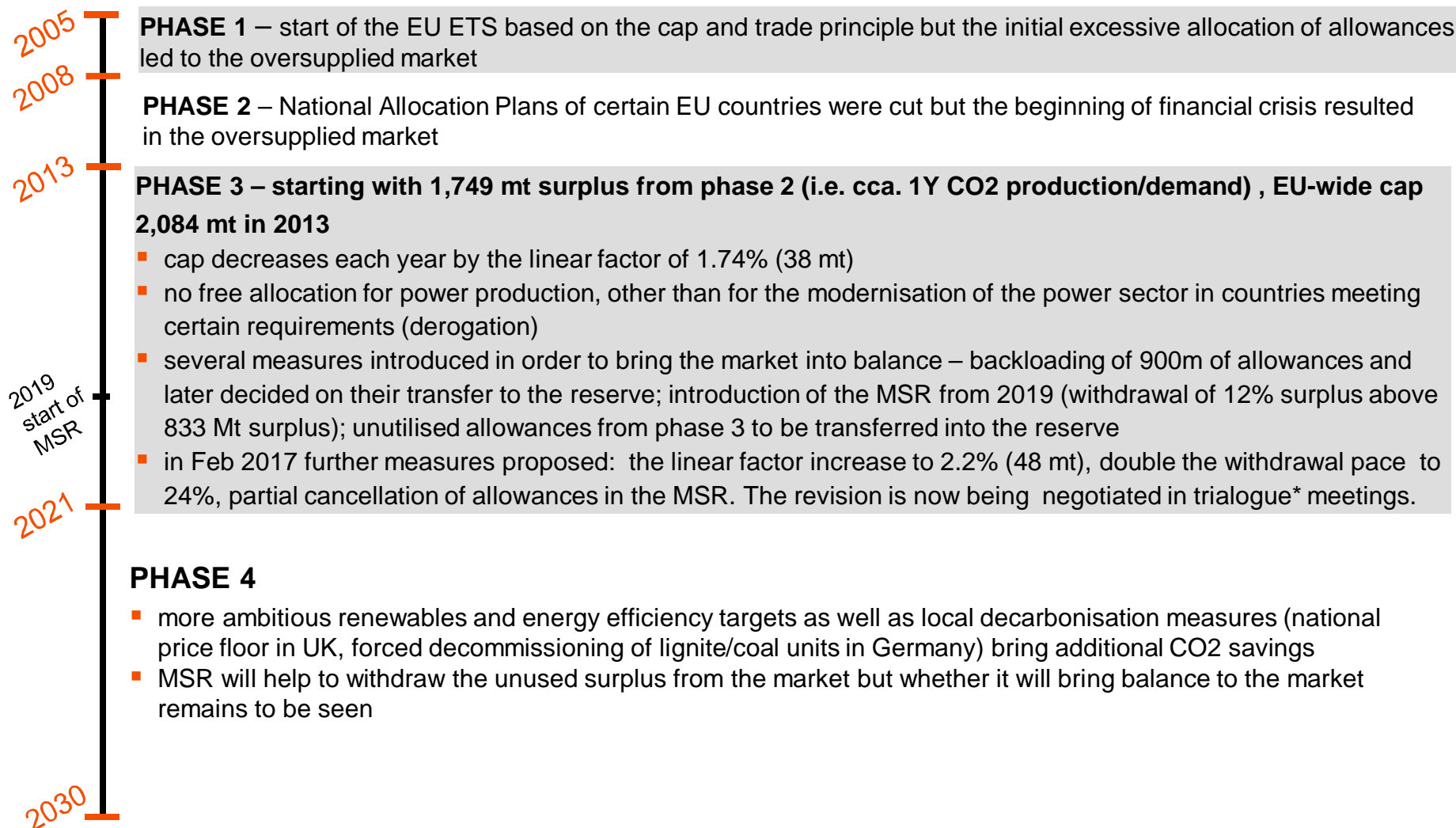


- State energy policy aims to preserve full independence of the Czech Republic in power production after the country runs out of domestic coal and assumes building new nuclear units in the Czech Republic once Dukovany Nuclear Power Plant reaches end of its operations (expected in 2035).
- In 2014 (after 5 years) CEZ abandoned unfinished tender for contractor of a new unit after the government declined to provide any guarantees related to the new unit's operations and construction.
- Government run Standing Committee for Nuclear Energy is currently investigating three options for new nuclear project's investment set-up:
  - CEZ will develop the project
  - State will acquire the project and develop it
  - State will acquire bigger part (e.g. the existing nuclear capacity) of CEZ and develop the project
- Support mechanism, including potential state guarantees, needed for each option is part of the analysis.
- CEZ is participating in the analysis

## Envisaged timeline of new nuclear project in the Czech Republic



# EUROPEAN UNION IS PROGRESSING WITH REFORM OF ITS EMISSION TRADING SCHEME BUT THE MARKET REMAINS STRUCTURALLY OVERSUPPLIED

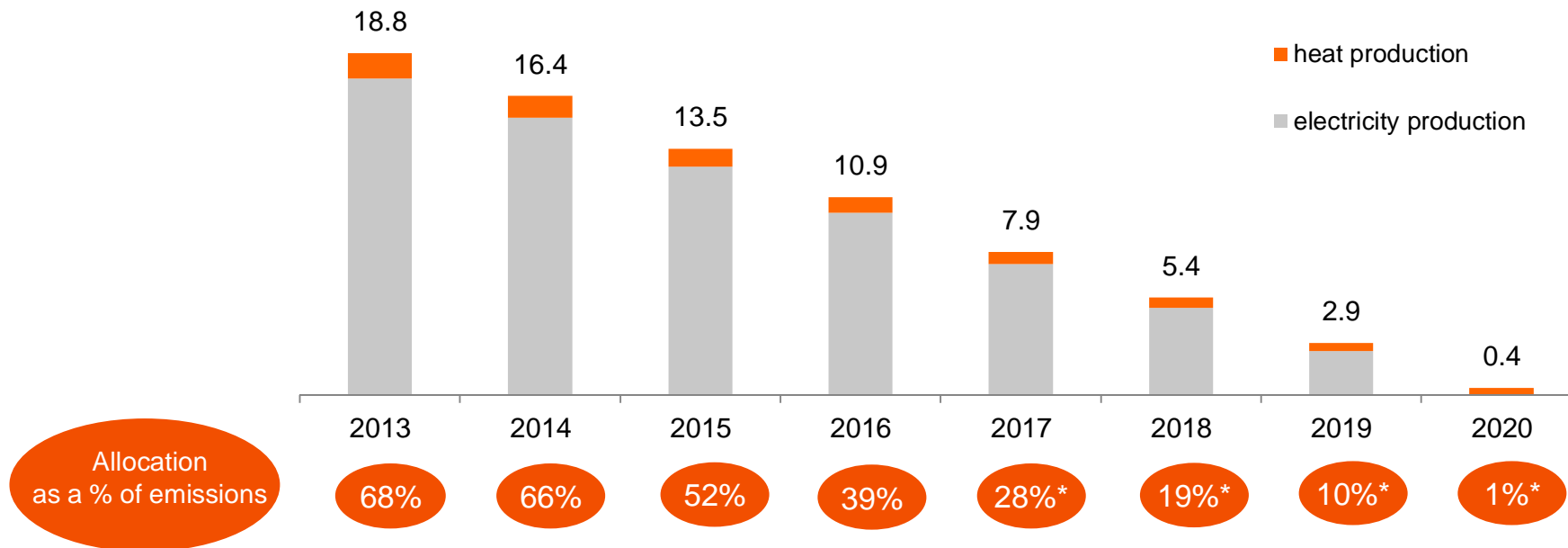


# CEZ GROUP CONTINUES TO RECEIVE PART OF EMISSION ALLOWANCES FOR FREE



- CEZ Group to receive up to **69.6 million** emission allowances for electricity production in the Czech Republic in 2013–2019 in exchange for investments reducing greenhouse gas emissions.
- EC Commission has proposed that free allocation of up to 40% of emission allowances will continue post 2020.

Expected allocation of allowances for CEZ Group in the Czech Republic (millions)



# CZECH REPUBLIC: ELECTRICITY DISTRIBUTION - OVERVIEW OF REGULATORY FRAMEWORK



## Regulatory Framework

- Regulated by ERU (Energy Regulatory Office, [www.eru.cz](http://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 2016-2018 (2020)
  - Operating costs are indexed to CPI + 1% (30% weight) and market services price index (70% weight). They are also adjusted by efficiency factor of 1.01%/year starting in 2016

## Regulatory period

- 4<sup>th</sup> regulatory period started as of January 1, 2016, 3 years period (2016 – 2018), current proposal of ERU is to extend the regulatory period for another 2 years, i.e. till 2020

The main principles are very similar to the rules of the third regulatory period with the exception of WACC. Main impacts:

- pressure on quality and security of electricity distribution;
- increased motivation to renew and develop the networks.

## Unbundling & Liberalization

- Since January 1, 2006 all customers can choose their electricity supplier, market is 100% liberalized
- There is no regulation of end-user prices of electricity

**On 31st August 2017 ERU published the proposal for extension of 4th regulatory period till 31st December 2020. Final decision is expected to be published at the end of 2017 latest.**

# 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 7.04 % for 4th regulatory period
  - Average values set for the NBV, depreciation and investments for the whole period
  - RAB set at EUR 277.4m for the 4th regulatory period
  - Technological losses in 4th regulatory period set by regulator at 8%
  - Efficiency factor introduced in the 2<sup>nd</sup> regulatory period, not applied in the 4th regulatory period, yet. EWRC may apply it later.

## Regulatory periods

- 3<sup>rd</sup> regulatory period August 1, 2013 – July 31, 2015
- 4<sup>th</sup> regulatory period August 1, 2015 – June 30, 2018

## Unbundling & Liberalization

- Unbundling successfully completed by December 31, 2006
- Since July 2007, all consumers have the right to become eligible but the effective market degree of liberalized market was approximately 45% at the end of 2014.
- Currently the last phase of liberalization focused on the low voltage customers is in process.



# 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 + Working capital - Revenues from reactive energy - 50% gross profit from other activities
- Efficiency factor of 1.5% applied only to controllable OPEX
- Losses ( technical + commercial ) reduction program agreed with ANRE on voltage levels
- S (minimum quality) from 2014 in formula, but not yet applied
- Possibility for annual corrections
- Investment plan – approved by ANRE before regulatory period starts
- Regulatory return (WACC pre-tax real terms) equals to 7.7% starting 2015, it can be revised by ANRE during regulatory period
- Working capital is equal to regulated remuneration of 1/12 from total OPEX
- 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

- 3rd regulatory period Jan 1, 2014 – Dec 31, 2018

## Liberalization

- Complete removal of regulated prices for industrial consumers by end 2013, for residential consumers by end 2017
- Starting January 2014, non-residential customers that benefit of Universal Service (US) are priced with 100% CPC tariff (free market component, endorsed by ANRE). The non-residential customers supplied on LRS regime are priced with CPC tariff +x%, depending on voltage level.
- Starting July 2013, the final price for the captive householders is formed of regulated tariff and a competitive market component (CPC). The percentage of regulated tariff decreases , and the CPC tariff percentage increases according to the Market Opening Calendar

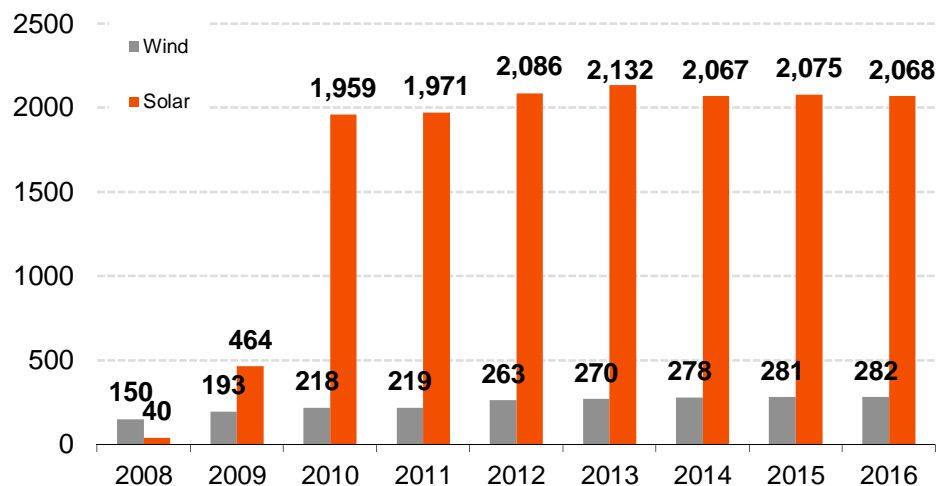
# CZECH REPUBLIC: RENEWABLES SUPPORT



## 2017 feed-in-tariffs (EUR per MWh)

	Plants commissioned in 2010	Plants commissioned in 2016
Solar <30 kW	521.0	0
Solar >30 kW	516.9	0
Wind	95.2	72.9

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



- Operators of renewable energy sources can choose from 2 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 increased each year 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 support
- Solar plants put into operations in 2010 with capacity over 30kWp are obliged to pay 10% tax of revenues.

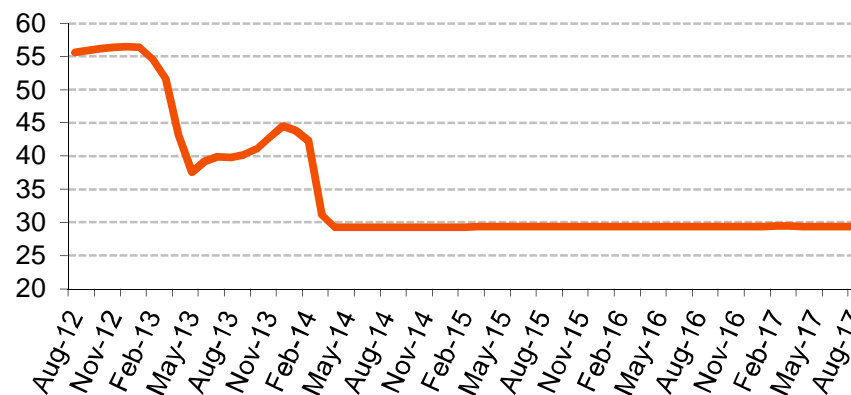
# ROMANIA: RENEWABLES SUPPORT

## UPDATE OF THE RULES ADOPTED IN 2017 SIGNIFICANTLY IMPROVES VISIBILITY OF FUTURE CASH FLOWS

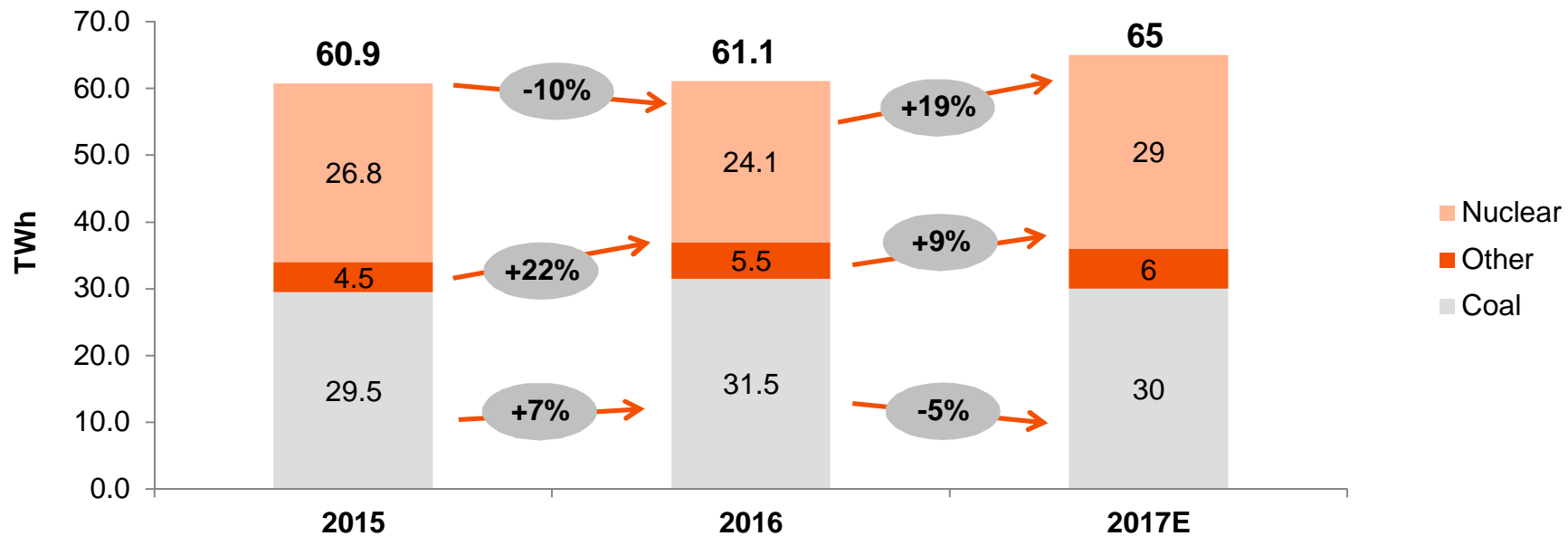


- Two green certificates (GC) obtained by the producer for each MWh supplied from wind to the network until 2017, one GC from 2018 onwards, duration of support – 15 years.
- Legally set price for green certificate is EUR 29.4 – EUR 35 (adjusted in March 2017 from previous EUR 27 to EUR 55)
- In March 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 period.

**Green certificates market clearing price (EUR/certificate)**



# 2016 GENERATION VOLUMES AFFECTED BY SHUTDOWNS IN NUCLEAR PLANTS, IN 2017 IMPROVEMENT IN NUCLEAR GENERATION EXPECTED



## 2016 volume trends

- Extended outages of Dukovany NPP and Temelín NPP primarily due to weld inspections
- + Operation of comprehensively renovated Prunéřov 2 Coal Power Plant
- + Operation of new Ledvice 4 Coal Power Plant (during construction)
- + Increased production at Počerady CCGT plant

## 2017 volume trends

- + Shorter outages, especially at Temelín NPP
- + Operation of renewed Prunéřov 2 Power Plant
- + Operation of new Ledvice 4 Coal Power Plant
- Lower production from Coal Power Plants in Poland
- + Higher production at Počerady CCGT plant
- + Higher production from wind power plants in Romania and Germany

# EXTENDED OUTAGES IN NUCLEAR PLANTS RELATE TO WELD CHECKS AND LICENCE RENEWAL



- Regular non-destructive testing of welds carried out in nuclear power plants.
- In 2015 irregularities found in testing documentation provided by outsourced supplier in the past.
- All welds are being re-tested to restore order in testing documentation and correct deficiencies.
- Most of re-testing, mainly in Dukovany, cannot be done during operation – > increased outages
- CEZ internalized significant part of services related to selected tests to minimize risk of problems repetition.
- Testing is pre-emptive. Negative testing result indicates „only“ increased probability of future leakage. Nevertheless any deficiencies result in re-welding as a pre-caution.

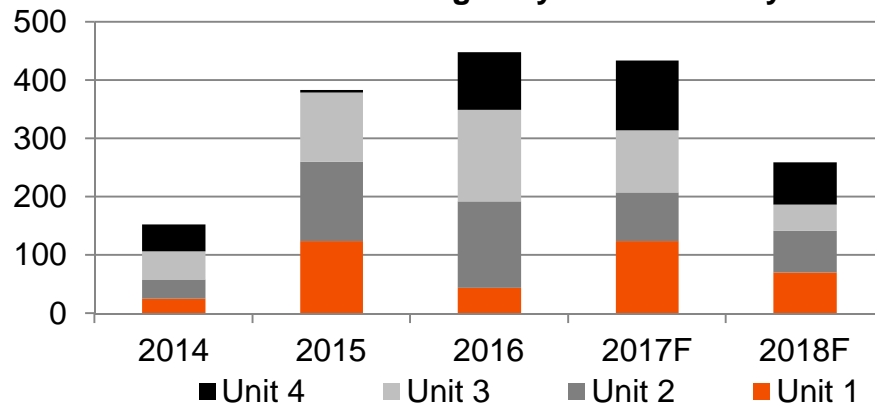
## Dukovany

- Licences of Dukovany’s 4 units coming to expiry and need to be renewed – > higher than regular outages.
- Unit 1 and 2 – all deficiencies remedied, new licenses received in March 2016 (Unit 1) and July 2017 (Unit 2)
- Re-testing in Units 3 and 4 in progress till 2017 - increased outages as per the charts below.

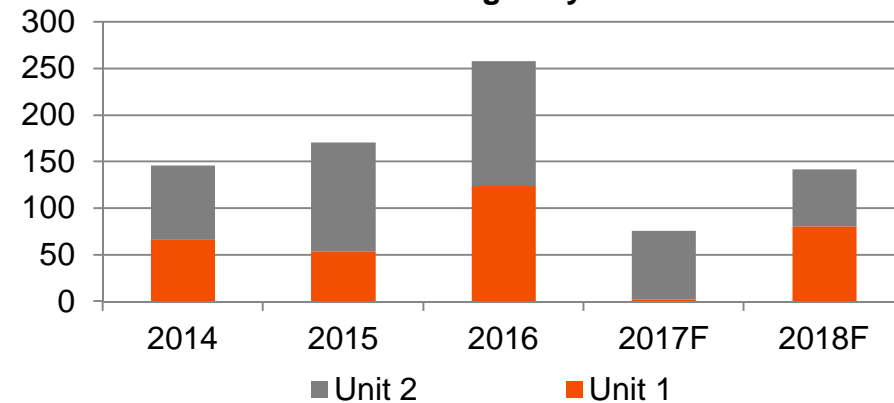
## Temelín

- Re-testing is scheduled into 2017. Unlike in Dukovany, some re-testing can be done during unit’s operation.
- Unit 1 2016’s unplanned outages - mainly re-testing related.
- Unit 2 2016’s unplanned outages - mainly turbine oil glands fault and replacement, i.e. most of the re-testing to be done in 2017.

**Total number of outage days for Dukovany**



**Total number of outage days for Temelín**



# LARGE RENEWAL OF LIGNITE PLANT PORTFOLIO IS ALMOST FINISHED



	Tušimice	Prunéřov	Ledvice
Installed capacity	4 x 200 MWe	3x250 MWe	660 MWe
Efficiency	39%	40%	42,5%
Operational from	2010 (2 units) and 2011, 2012	mid 2016	now in test operation, FAC expected in 4Q 2017
Expected operating life	25 years	25 years	40 years
Reduction of fuel consumption*	14%	18%	27%

# CEZ GROUP 1H 2017 FINANCIAL RESULTS



<b>(CZK bn)</b>		<b>Q1 - Q2 2016</b>	<b>Q1 - Q2 2017</b>	<b>Change</b>	<b>%</b>
Revenues		98.9	100.9	+2.0	+2%
EBITDA		33.1	31.3	-1.8	-5%
EBIT		18.0	17.2	-0.8	-4%
Net income		13.8	16.7	+2.9	+21%
Net income - adjusted *		14.8	17.0	+2.2	+15%
Operating CF		25.9	23.6	-2.3	-9%
CAPEX		13.3	11.9	-1.4	-10%
Net debt **		124.4	119.4	-5.0	-4%

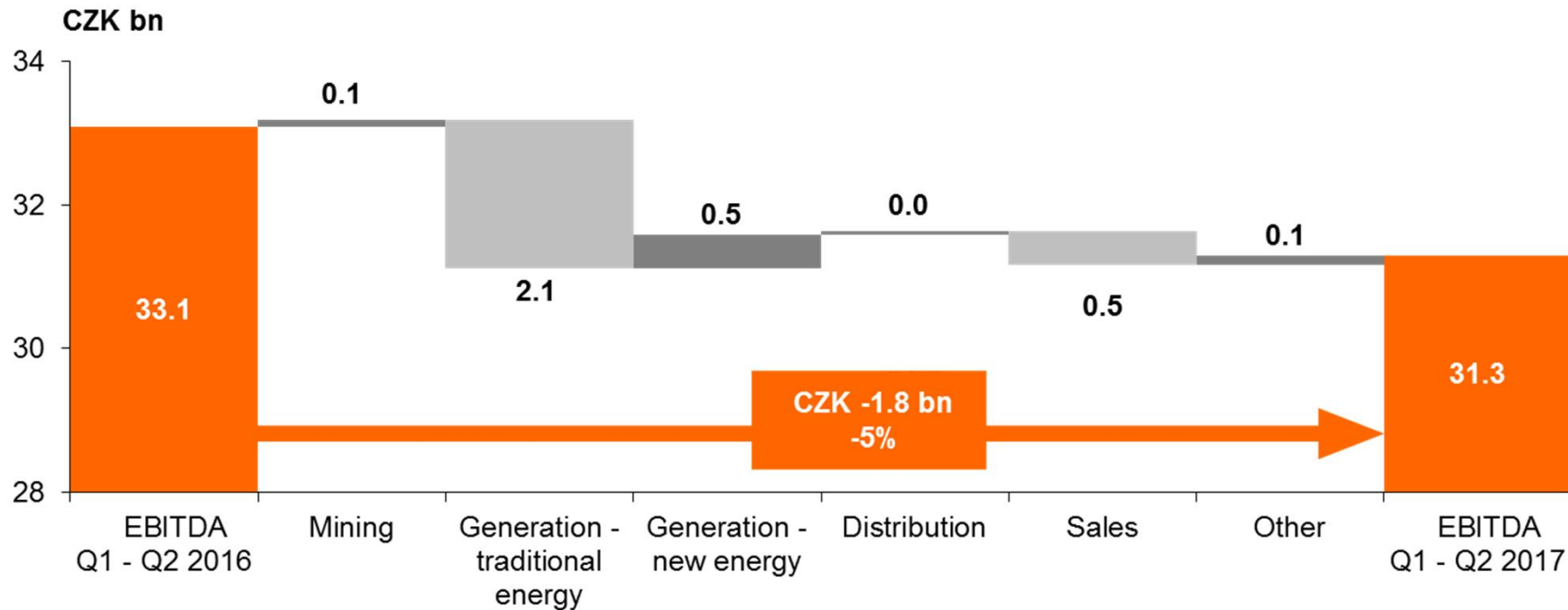
  

		<b>Q1 - Q2 2016</b>	<b>Q1 - Q2 2017</b>	<b>Change</b>	<b>%</b>
Installed capacity **	GW	15.9	15.4	-0.5	-3%
Generation of electricity	TWh	31.8	31.8	0.0	0%
Electricity distribution to end customers	TWh	25.5	26.6	+1.1	+4%
Electricity sales to end customers	TWh	18.6	18.9	+0.3	+2%
Sales of natural gas to end customers	TWh	4.2	5.4	+1.2	+28%
Sales of heat	000 TJ	13.4	13.7	+0.3	+2%
Number of employees **	000 's	26.1	26.9	+0.9	+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 amortization).

\*\* As at the last date of the period

# YEAR-ON-YEAR CHANGE IN EBITDA BY SEGMENT







## OTHER INCOME (EXPENSES) 1H 2017

(CZK bn)	Q1 - Q2 2016	Q1 - Q2 2017	Change	%
EBITDA	33.1	31.3	-1.8	-5%
<b>Depreciation, amortization and impairments*</b>	<b>-15.1</b>	<b>-14.1</b>	<b>+1.0</b>	<b>+7%</b>
<b>Other income (expenses)</b>	<b>-0.9</b>	<b>2.2</b>	<b>+3.1</b>	<b>-</b>
Interest income (expenses)	-0.9	-1.7	-0.7	-76%
Interest on nuclear and other provisions	-0.7	-0.8	-0.1	-9%
Income (expenses) from investments and securities	0.7	4.8	+4.1	>200%
Other	0.1	-0.1	-0.2	-
<b>Income taxes</b>	<b>-3.3</b>	<b>-2.8</b>	<b>+0.5</b>	<b>+16%</b>
Net income	13.8	16.7	+2.9	+21%
<b>Net income - adjusted</b>	<b>14.8</b>	<b>17.0</b>	<b>+2.2</b>	<b>+15%</b>

### Depreciation, Amortization, and Impairments\* (CZK +1.0bn)

- Nonrecurrent income from sale of properties in Prague in 2017 (CZK +1.1bn)
- Higher depreciation and amortization (CZK -0.8bn), primarily due to inclusion of renovated Prunéřov power plant in assets in 2016
- Higher fixed asset impairments in 2016 (CZK +0.7bn)

### Other Income (Expenses) (CZK +3.1bn)

- Effect of termination of MOL stockholding (CZK +4.4bn); overall effect of sale of MOL stock, including related operations, on H1 2017 profits was CZK +4.6bn and total H1 2016 profits were CZK +0.2bn
- Higher interest expenses due to lower interest capitalization after renovation of Prunéřov power plant in 2016 (CZK -0.7bn)
- Other effects (CZK -0.6bn), primarily revaluation of financial derivatives

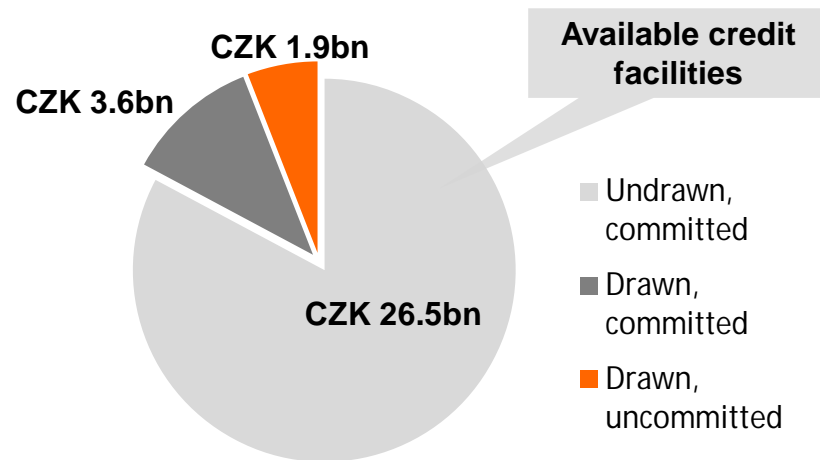
### Net Income Adjustment

- H1 2017 net income adjusted for the negative effect of fixed asset impairments in Poland (CZK +0.2bn) and partial goodwill write-off in Turkey (CZK +0.1bn)\*\*
- H1 2016 net income adjusted for the negative effect of fixed asset impairments in Romania (CZK +1.0bn)

# CEZ GROUP MAINTAINS A STRONG LIQUIDITY POSITION

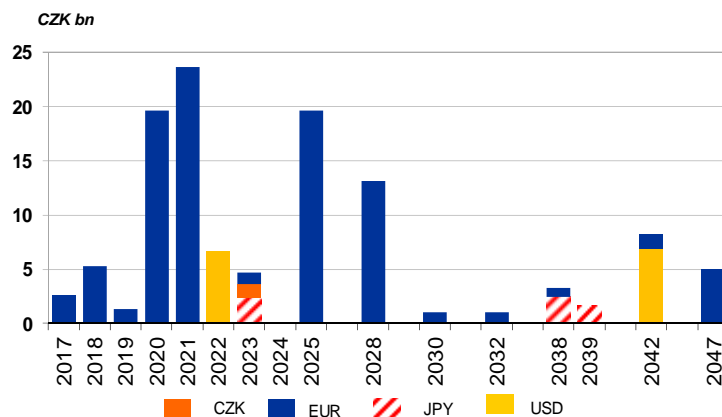


## Utilization of Short-Term Lines (as at June 30, 2017)



- CEZ Group has access to CZK 30.1bn in committed credit facilities, using just CZK 3.6bn as at June 30, 2017.
- Committed facilities are kept as a reserve for covering unexpected needs.

## Bond Maturity Profile (as at June 30, 2017)



- May 4, 2017 was the settlement date for the buyback of approximately 99% of bonds exchangeable into MOL shares, which were paid for using MOL shares.
- Since May 16, 2017, CEZ Group has not held any MOL shares and has not had any outstanding bonds exchangeable into MOL shares. The transaction resulted in a decrease of 0.2 in the Group's Net Debt/EBITDA ratio.

# CEZ GROUP FINANCIAL RESULTS



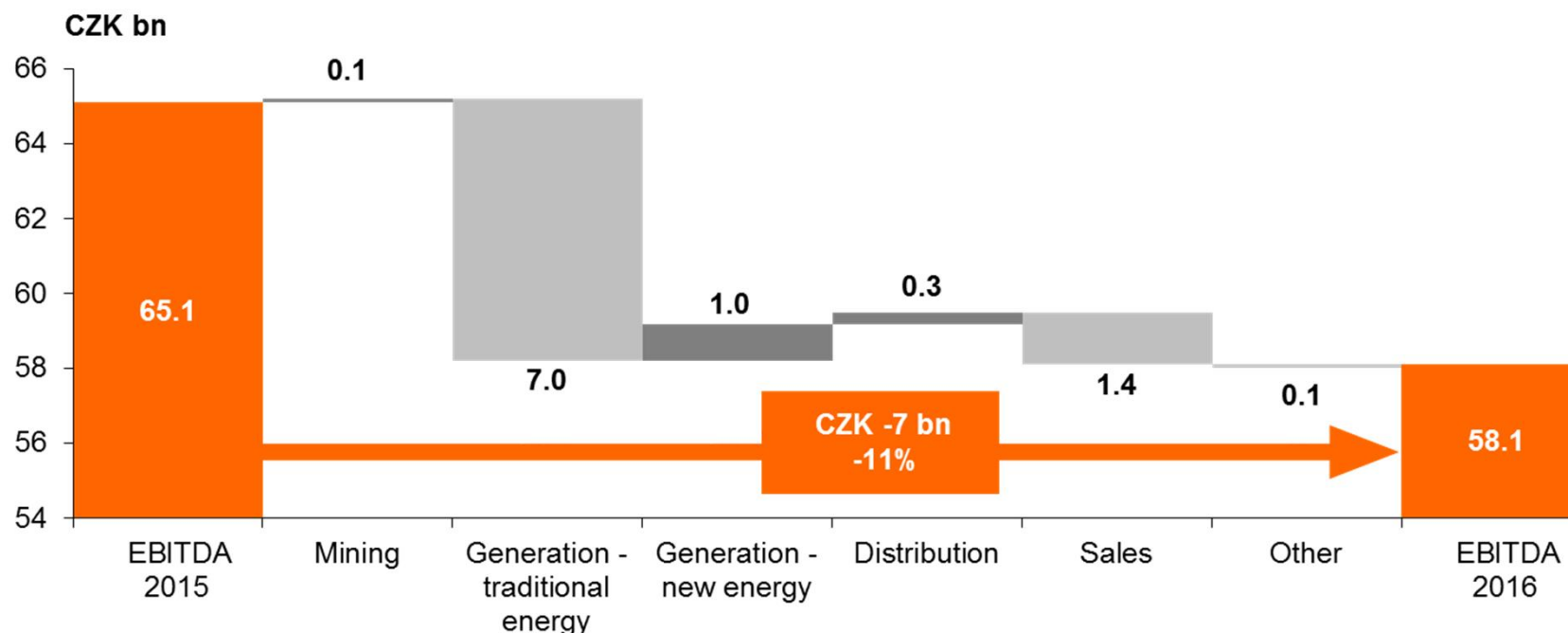
<b>(CZK bn)</b>		<b>2015</b>	<b>2016</b>	<b>Change</b>	<b>%</b>
Revenues		210.2	203.7	-6.4	-3%
EBITDA		65.1	58.1	-7.0	-11%
EBIT		29.0	26.1	-2.8	-10%
Net income		20.5	14.6	-6.0	-29%
Net income - adjusted *		27.7	19.6	-8.0	-29%
Operating CF		72.6	49.0	-23.6	-33%
CAPEX		31.5	30.2	-1.3	-4%
Net debt **		131.2	146.5	+15.2	+12%
		<b>2015</b>	<b>2016</b>	<b>Change</b>	<b>%</b>
Installed capacity **	GW	15.9	15.6	-0.3	-2%
Generation of electricity	TWh	60.9	61.1	+0.2	+0%
Electricity distribution to end customers	TWh	49.8	50.6	+0.8	+2%
Electricity sales to end customers	TWh	37.9	37.5	-0.5	-1%
Sales of natural gas to end customers	TWh	6.8	8.2	+1.3	+20%
Sales of heat	000 TJ	22.3	24.0	+1.8	+8%
Number of employees **	000's	25.9	26.9	+1.0	+4%

\* 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 amortization). The definition of Adjusted Net Income was refined in Q4 2016.

\*\* At the last day of period

Note: y-o-y change in Operating cash flow (CF) was significantly influenced by changes in assets and liabilities. Operating CF adjusted for these changes amounted to CZK 61.9bn in 2015 and CZK 50.4bn in 2016, i.e. CZK 11.5bn y-o-y decrease or 19% y-o-y decrease.

# YEAR-ON-YEAR CHANGE IN EBITDA BY SEGMENTS



## Main drivers of year-on-year change in EBITDA:

- Lower realization prices of generated electricity in the Czech Republic, including the positive effect of hedges (CZK -6.1bn)
- Payment of Railway Infrastructure Administration debts (from 2010) to ČEZ Prodej in 2015 based on a court decision (CZK -1.1bn)
- Positive effect of certificate allocation to Fântânele Vest and Cogevalac wind farms in Romania (CZK +1.7bn)



## OTHER INCOME (EXPENSES)

(CZK bn)	2015	2016	Change	%
EBITDA	65.1	58.1	-7.0	-11%
<b>Depreciation, amortization and impairments*</b>	<b>-36.1</b>	<b>-32.0</b>	<b>+4.2</b>	<b>+12%</b>
<b>Other income (expenses)</b>	<b>-2.1</b>	<b>-6.8</b>	<b>-4.7</b>	<b>&gt;200%</b>
Interest income (expenses)	-2.5	-2.5	+0.0	+0%
Interest on nuclear and other provisions	-1.7	-1.5	+0.2	+11%
Income (expenses) from investments and securities	-0.3	-1.8	-1.5	>200%
Other	2.4	-1.1	-3.5	-
<b>Income taxes</b>	<b>-6.3</b>	<b>-4.8</b>	<b>+1.6</b>	<b>+25%</b>
Net income	20.5	14.6	-6.0	-29%
<b>Net income - adjusted</b>	<b>27.7</b>	<b>19.6</b>	<b>-8.0</b>	<b>-29%</b>

### Depreciation, Amortization, and Impairments\* (CZK +4.2bn)

- Lower additions to fixed asset impairments (CZK +4.6bn)
- Higher depreciation and amortization (CZK -0.4bn) primarily due to started depreciation of comprehensively renovated Prunéřov Power Plant

### Other Income (Expenses) (CZK -4.7bn)

- Refund of a portion of gift tax on emission allowances for 2011 and 2012 in 2015 (CZK -3.8bn)
- Amortization of a portion of goodwill and additions to impairments at joint ventures in Turkey (CZK -1.3bn)\*\*
- Revaluation of MOL share option (CZK -0.9bn) due to rising share price
- Bond buyback in 2015 (CZK +0.8bn)
- Other (CZK +0.5bn) primarily FX gains

### Net income adjustment \*\*\*

- 2015 net income adjusted for the negative effect of fixed asset impairments, goodwill amortization, and write-off of abandoned investments (CZK +7.1bn)
- 2016 net income adjusted for the negative effect of fixed asset impairments, goodwill amortization, and write-off of abandoned investments (CZK +4.4bn)\*\* and for the negative effect of developed project impairments (CZK +0.7bn)

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

\*\* Reported under Income (Expenses) from investments and securities

\*\*\* The definition of Adjusted Net Income was refined in Q4 2016

# NUCLEAR AND MINING PROVISIONS AS OF YE 2016



## Nuclear and mining provisions as of YE 2016

(discount rate 1.5% p.a. (real), est. Inflation effect 1%)

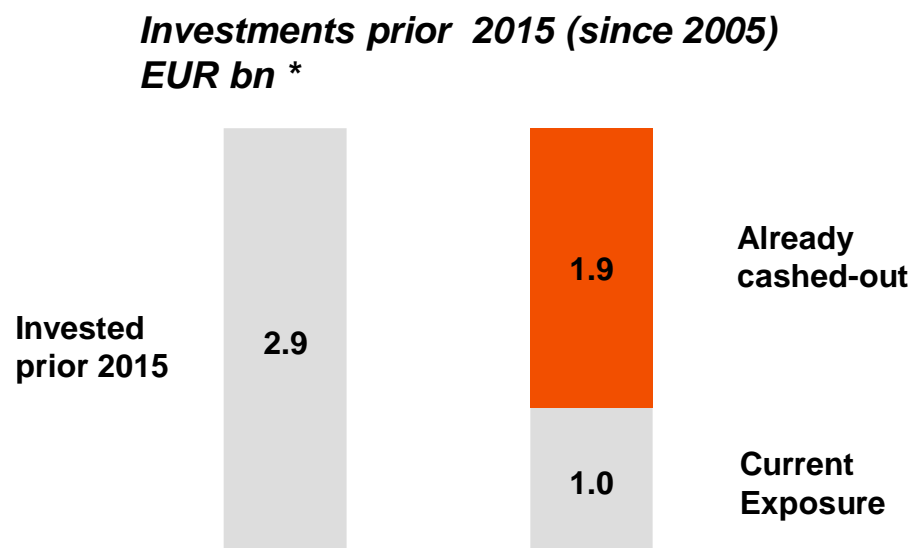
	Provision (CZK bn)	Responsibility of:	Cash cover (CZK)
Interim storage of spent nuclear fuel	7.4 bn	CEZ	0.01 bn
Permanent storage of spent nuclear fuel	29.2 bn	State*, costs paid by CEZ	Fee 55 CZK/MWh generated in NPP to Nuclear Account***
Nuclear Plant decommissioning	18.9 bn	CEZ	13.0 bn
Mining reclamation	7.6 bn	CEZ (SD**)	5.4 bn
Landfills (ash storage)	1.0 bn	CEZ	0.2 bn

\* RAWRA - Radioactive Waste Repository Authority,

\*\*SD – Severočeské doly

\*\*\* Nuclear Account balance as of YE 2015 CZK 24.8bn

# EXPOSURE TO INVESTMENTS MADE IN BALKANS AND OTHER COUNTRIES PRIOR 2015



- CEZ's Exposure to foreign investments made prior 2015 amounts to EUR 2.9bn
- EUR 1.9bn has already been cashed-out
- Remaining exposure amounts to EUR 1bn
- CEZ is open to any further divestitures in Balkans and SEE

\* Excludes recent acquisitions into renewables in Western Europe and Investment into Romanian Wind (approx. EUR 1.1bn); cash flow – not accounting values

# SELECTED HISTORICAL FINANCIALS OF CEZ GROUP

## CZK



### Profit and loss

	<i>CZK bn</i>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Revenues</b>		<b><u>198.8</u></b>	<b><u>209.8</u></b>	<b><u>221.9</u></b>	<b><u>216.7</u></b>	<b><u>201.8</u></b>	<b><u>210.2</u></b>	<b><u>203.7</u></b>
Sales of electricity		175.3	181.8	186.8	189.4	173.8	182.1	174.9
Heat sales and other revenues		23.6	28.0	35.1	27.4	27.9	28.1	28.8
<b>Operating Expenses</b>		<b><u>110.0</u></b>	<b><u>122.4</u></b>	<b><u>136.1</u></b>	<b><u>134.7</u></b>	<b><u>129.3</u></b>	<b><u>145.1</u></b>	<b><u>145.7</u></b>
Purchased power and related services		54.4	65.9	71.7	79.0	75.8	90.9	88.3
Fuel		16.9	17.1	15.8	13.8	12.7	13.1	13.2
Salaries and wages		18.7	18.1	18.7	18.7	18.9	17.8	19.2
Other		20.0	21.3	29.9	23.2	21.9	23.4	25.1
<b>EBITDA</b>		<b><u>88.8</u></b>	<b><u>87.4</u></b>	<b><u>85.8</u></b>	<b><u>82.0</u></b>	<b><u>72.5</u></b>	<b><u>65.1</u></b>	<b><u>58.1</u></b>
<i>EBITDA margin</i>		<i>45%</i>	<i>42%</i>	<i>39%</i>	<i>38%</i>	<i>36%</i>	<i>31%</i>	<i>29%</i>
Depreciation, amortization, impairments		26.9	26.2	28.9	36.4	35.7	36.3	32.1
<b>EBIT</b>		<b><u>62.0</u></b>	<b><u>61.3</u></b>	<b><u>57.0</u></b>	<b><u>45.7</u></b>	<b><u>36.9</u></b>	<b><u>29.0</u></b>	<b><u>26.1</u></b>
<i>EBIT margin</i>		<i>31%</i>	<i>29%</i>	<i>26%</i>	<i>21%</i>	<i>18%</i>	<i>14%</i>	<i>13%</i>
<b>Net Income</b>		<b><u>46.9</u></b>	<b><u>40.8</u></b>	<b><u>40.1</u></b>	<b><u>35.2</u></b>	<b><u>22.4</u></b>	<b><u>20.5</u></b>	<b><u>14.6</u></b>
<i>Net income margin</i>		<i>24%</i>	<i>19%</i>	<i>18%</i>	<i>16%</i>	<i>11%</i>	<i>10%</i>	<i>7%</i>
<b>Adjusted net income</b>		<b><u>49.8</u></b>	<b><u>41.2</u></b>	<b><u>41.3</u></b>	<b><u>43.0</u></b>	<b><u>29.5</u></b>	<b><u>27.7</u></b>	<b><u>19.6</u></b>
<i>Adjusted net income margin</i>		<i>25%</i>	<i>20%</i>	<i>19%</i>	<i>20%</i>	<i>15%</i>	<i>13%</i>	<i>10%</i>

### Balance sheet

	<i>CZK bn</i>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Non current assets		448.3	467.3	494.7	485.9	497.5	493.1	489.3
Current assets		96.1	131.0	141.1	154.5	130.4	109.6	141.6
- out of that cash and cash equivalents		22.2	22.1	18.0	25.0	20.1	13.5	11.2
<b>Total Assets</b>		<b><u>544.4</u></b>	<b><u>598.3</u></b>	<b><u>635.8</u></b>	<b><u>640.4</u></b>	<b><u>627.9</u></b>	<b><u>602.7</u></b>	<b><u>630.8</u></b>
Shareholders equity (excl. minority. int.)		221.4	226.8	250.2	258.1	261.3	267.9	256.8
<i>Return on equity</i>		<i>22%</i>	<i>18%</i>	<i>17%</i>	<i>14%</i>	<i>9%</i>	<i>8%</i>	<i>6%</i>
Interest bearing debt		158.5	182.0	192.9	199.0	184.1	157.5	167.8
Other liabilities		164.4	189.4	192.6	183.3	182.4	177.3	206.2
<b>Total liabilities</b>		<b><u>544.4</u></b>	<b><u>598.3</u></b>	<b><u>635.8</u></b>	<b><u>640.4</u></b>	<b><u>627.9</u></b>	<b><u>602.7</u></b>	<b><u>630.8</u></b>



# SELECTED HISTORICAL FINANCIALS OF CEZ GROUP

EUR



<b>Profit and loss</b>	<i>EUR m</i>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<u>Revenues</u>		<u>7,359</u>	<u>7,763</u>	<u>8,211</u>	<u>8,021</u>	<u>7,467</u>	<u>7,778</u>	<u>7,540</u>
Sales of electricity		6,487	6,728	6,913	7,008	6,433	6,739	6,475
Heat sales and other revenues		872	1,035	1,298	1,013	1,034	1,039	1,066
<u>Operating Expenses</u>		<u>4,073</u>	<u>4,530</u>	<u>5,035</u>	<u>4,987</u>	<u>4,784</u>	<u>5,370</u>	<u>5,391</u>
Purchased power and related services		2,012	2,438	2,652	2,925	2,804	3,364	3,268
Fuel		627	635	586	511	470	483	487
Salaries and wages		693	670	692	692	698	657	709
Other		741	788	1,105	859	812	866	927
<b><u>EBITDA</u></b>		<b><u>3,286</u></b>	<b><u>3,233</u></b>	<b><u>3,176</u></b>	<b><u>3,035</u></b>	<b><u>2,683</u></b>	<b><u>2,408</u></b>	<b><u>2,150</u></b>
<i>EBITDA margin</i>		<i>45%</i>	<i>42%</i>	<i>39%</i>	<i>38%</i>	<i>36%</i>	<i>31%</i>	<i>29%</i>
Depreciation		996	971	1,069	1,346	1,322	1,344	1,188
<b><u>EBIT</u></b>		<b><u>2,293</u></b>	<b><u>2,267</u></b>	<b><u>2,111</u></b>	<b><u>1,691</u></b>	<b><u>1,367</u></b>	<b><u>1,072</u></b>	<b><u>966</u></b>
<i>EBIT margin</i>		<i>31%</i>	<i>29%</i>	<i>26%</i>	<i>21%</i>	<i>18%</i>	<i>14%</i>	<i>13%</i>
<b><u>Net Income</u></b>		<b><u>1,737</u></b>	<b><u>1,508</u></b>	<b><u>1,485</u></b>	<b><u>1,303</u></b>	<b><u>830</u></b>	<b><u>760</u></b>	<b><u>539</u></b>
<i>Net income margin</i>		<i>24%</i>	<i>19%</i>	<i>18%</i>	<i>16%</i>	<i>11%</i>	<i>10%</i>	<i>7%</i>
<b><u>Adjusted net income</u></b>		<b><u>1,844</u></b>	<b><u>1,525</u></b>	<b><u>1,528</u></b>	<b><u>1,591</u></b>	<b><u>1,090</u></b>	<b><u>1,024</u></b>	<b><u>727</u></b>
<i>Adjusted net income margin</i>		<i>25%</i>	<i>20%</i>	<i>19%</i>	<i>20%</i>	<i>15%</i>	<i>13%</i>	<i>10%</i>
<b>Balance sheet</b>								
	<i>EUR m</i>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Non current assets		16,590	17,295	18,310	17,984	18,413	18,248	18,107
Current assets		3,557	4,848	5,222	5,717	4,824	4,057	5,240
- out of that cash and cash equivalents		820	817	665	925	744	499	415
<b><u>Total Assets</u></b>		<b><u>20,147</u></b>	<b><u>22,143</u></b>	<b><u>23,532</u></b>	<b><u>23,701</u></b>	<b><u>23,237</u></b>	<b><u>22,305</u></b>	<b><u>23,347</u></b>
Shareholders equity (excl. minority. int.)		8,195	8,395	9,261	9,551	9,671	9,915	9,505
<i>Return on equity</i>		<i>22%</i>	<i>18%</i>	<i>17%</i>	<i>14%</i>	<i>9%</i>	<i>8%</i>	<i>6%</i>
Interest bearing debt		5,866	6,737	7,141	7,366	6,815	5,829	6,211
Other liabilities		6,086	7,011	7,130	6,784	6,752	6,562	7,632
<b><u>Total liabilities</u></b>		<b><u>20,147</u></b>	<b><u>22,143</u></b>	<b><u>23,532</u></b>	<b><u>23,701</u></b>	<b><u>23,237</u></b>	<b><u>22,305</u></b>	<b><u>23,347</u></b>

Exchange rate used:  
27.02 CZK/EUR

# INVESTOR RELATIONS CONTACTS

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## **CEZ, a. s.**

Duhova 2/1444  
14 053 Praha 4  
Czech Republic

[www.cez.cz](http://www.cez.cz)

**Jan Brožík**  
Investor Relations

Phone: +420 211 042 305  
email: [jan.brozik@cez.cz](mailto:jan.brozik@cez.cz)

**Jan Hájek**  
Investor Relations

Phone: +420 211 042 687  
email: [jan.hajek@cez.cz](mailto:jan.hajek@cez.cz)

**Radka Nováková**  
Shares and dividends administration

Phone: +420 211 042 541  
email: [radka.novakova01@cez.cz](mailto:radka.novakova01@cez.cz)