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

Investment story, March 2015

DISCLAIMER

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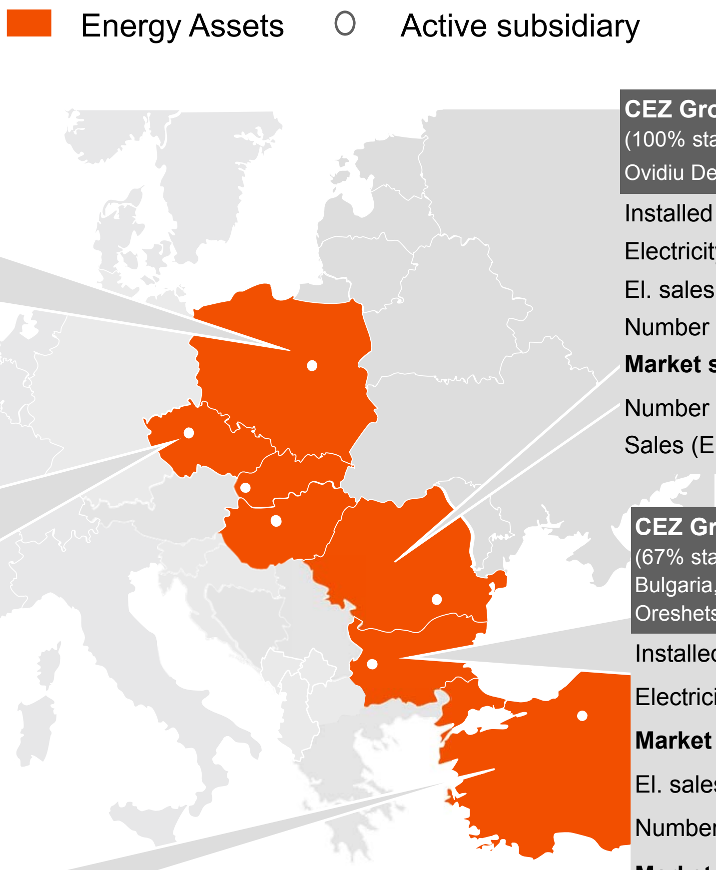
AGENDA

CEZ GROUP IS AN INTERNATIONAL UTILITY WITH A STRONG POSITION IN CEE



CEZ Group in Poland (100% stake in Skawina, 100% in Elcho)	
Installed capacity (MW)	681
Electricity generation, gross (TWh)	2.6
Generation market share	**1.4%***
Number of employees	322
Sales (EUR million)	153

CEZ Group in the Czech Republic	
Installed capacity (MW)	12,631
Electricity generation, gross (TWh)	62.3
Generation market share	**72%**
Sales of electricity to end customers (TWh)	20.7
Market share	**37%***
Number of employees	20,677
Sales (EUR million)	6,680

CEZ Group in Turkey (50% stake in SEDAS through AkCez, 37.36% stake in Akenerji)	
Installed capacity (MW)	640
Electricity generation, gross (TWh)	1.9
Generation market share	**1.1%***
El. sales to end customers (TWh)	7.8
Number of connection points (million)	1.4*
Market share	**6.5%***

CEZ Group in Romania (100% stakes in CEZ Distributie, CEZ Vanzare, Tomis Team, Ovidiu Development, TMK Hydroenergy Power)	
Installed capacity	622 MW
Electricity generation, gross (TWh)	1.3
El. sales to end customers (TWh)	3.4
Number of connection points (million)	1.4*
Market share	**15%***
Number of employees	1,818
Sales (EUR million)	427

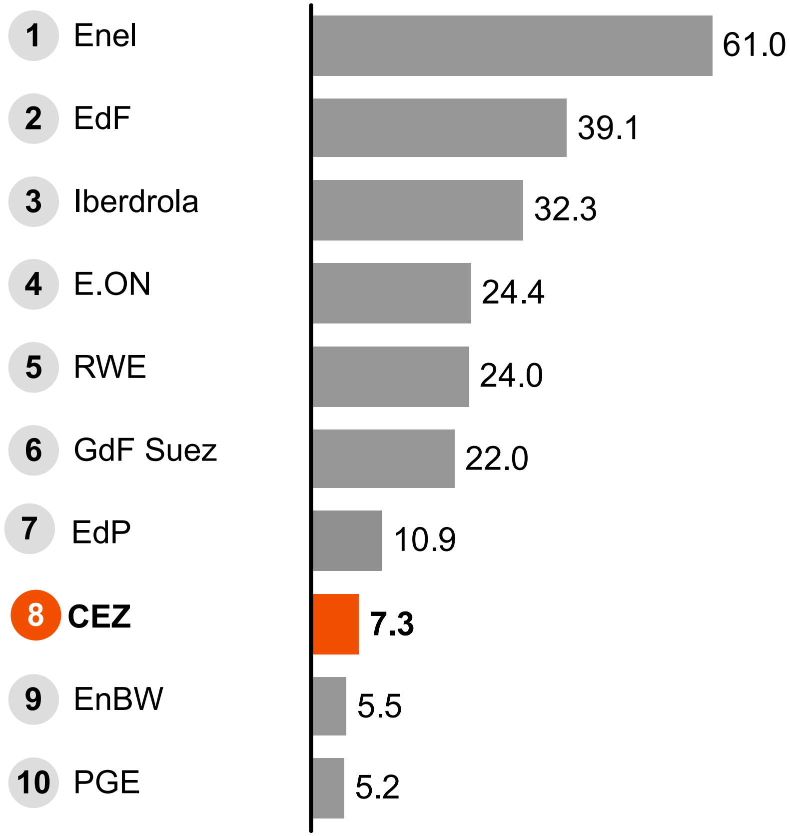
CEZ Group in Bulgaria (67% stake in CEZ Razpredelenie Bulgaria, CEZ Electro Bulgaria, 100% in TPP Varna, 100% in Free Energy Project Oreshets)	
Installed capacity (MW)	1,265
Electricity generation, gross (TWh)	0.6
Market share	**11.9%***
El. sales to end customers (TWh)	9.8
Number of connection points (million)	2.1*
Market share	**42%***
Number of employees	3,714
Sales (EUR million)	853

*Source: Company data, * data for 2012, EUR/CZK=25.974*

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

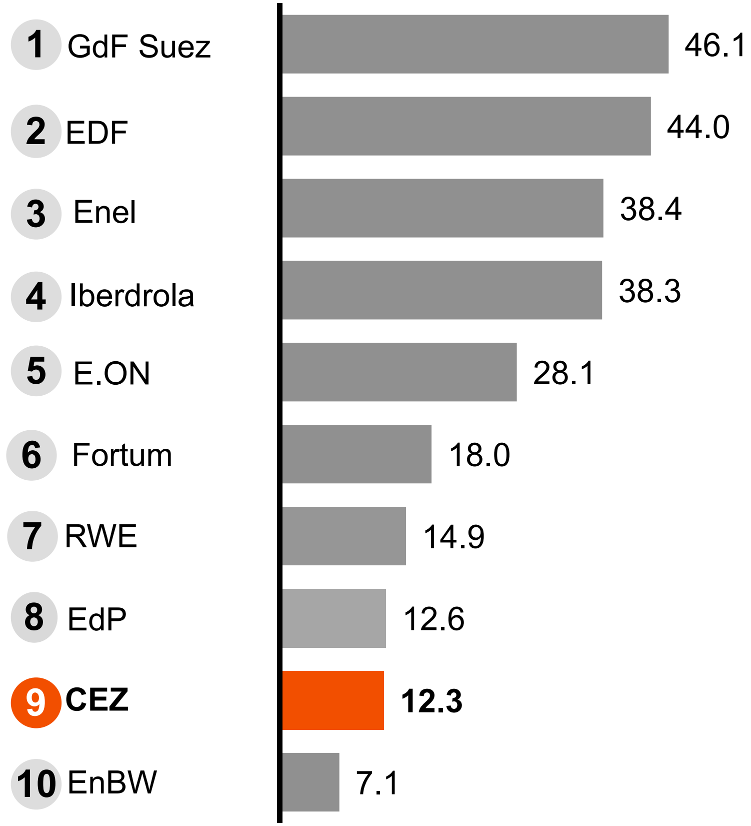
Top 10 European power utilities

Number of customers in 2013, in millions



Top 10 European power utilities

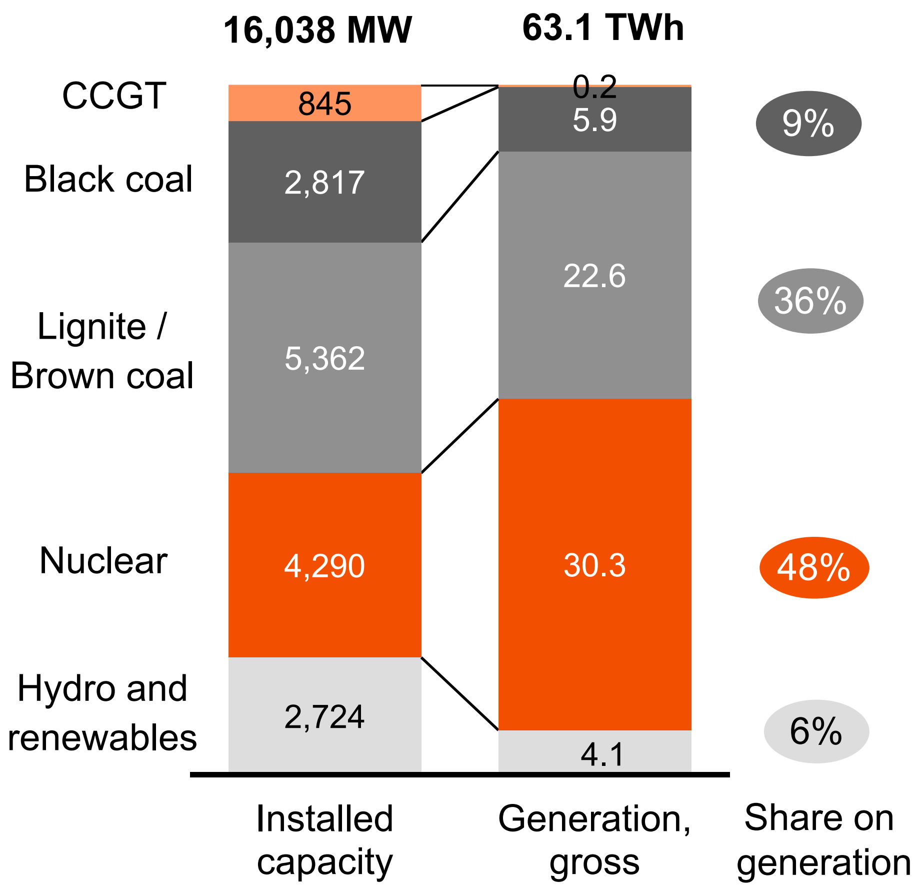
Market capitalization in EUR bn, as of March 3rd, 2015



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

CEZ GROUP IS BENEFITING FROM LOW COST GENERATION FLEET

Installed capacity and generation (2014)

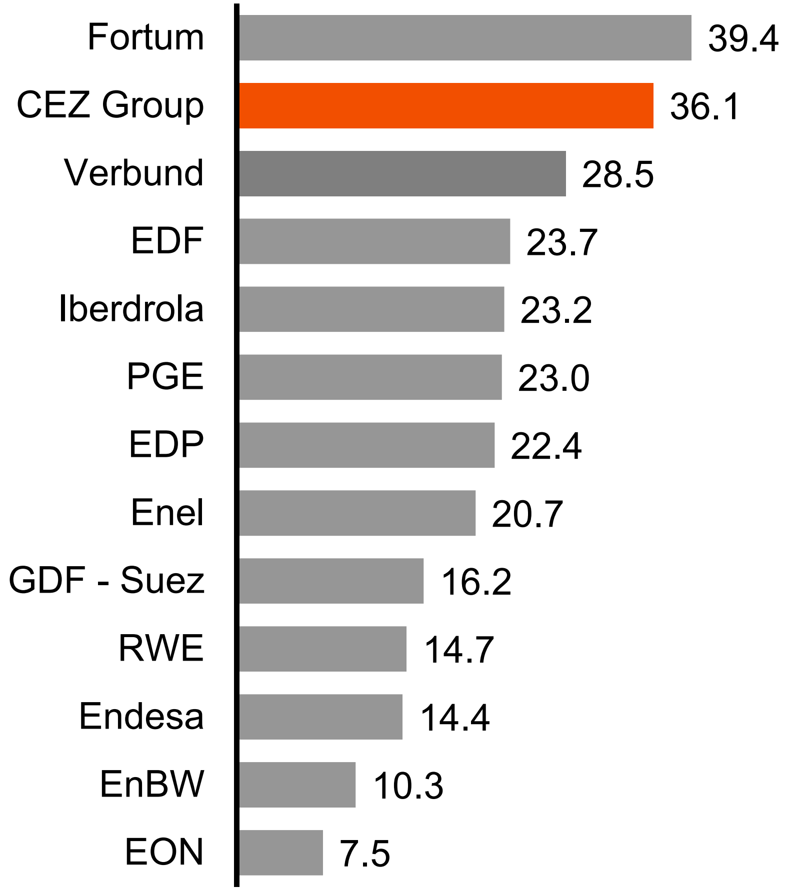


- **Coal power plants are using mostly lignite from CEZ's own mine**
  (73% of lignite needs sourced internally, remaining volume through long term supply contracts)
- **Nuclear plants have very low operational costs**

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

CEZ GROUP IS ONE OF THE MOST PROFITABLE EUROPEAN UTILITIES

EBITDA* margin, 2014
Percent



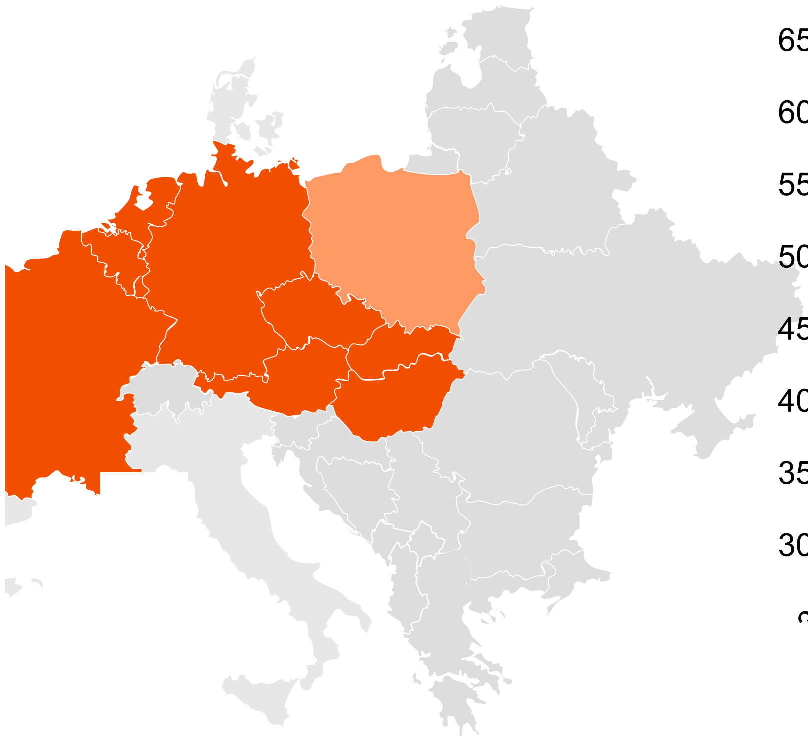
Source: company data, * EBITDA as reported by companies

AGENDA

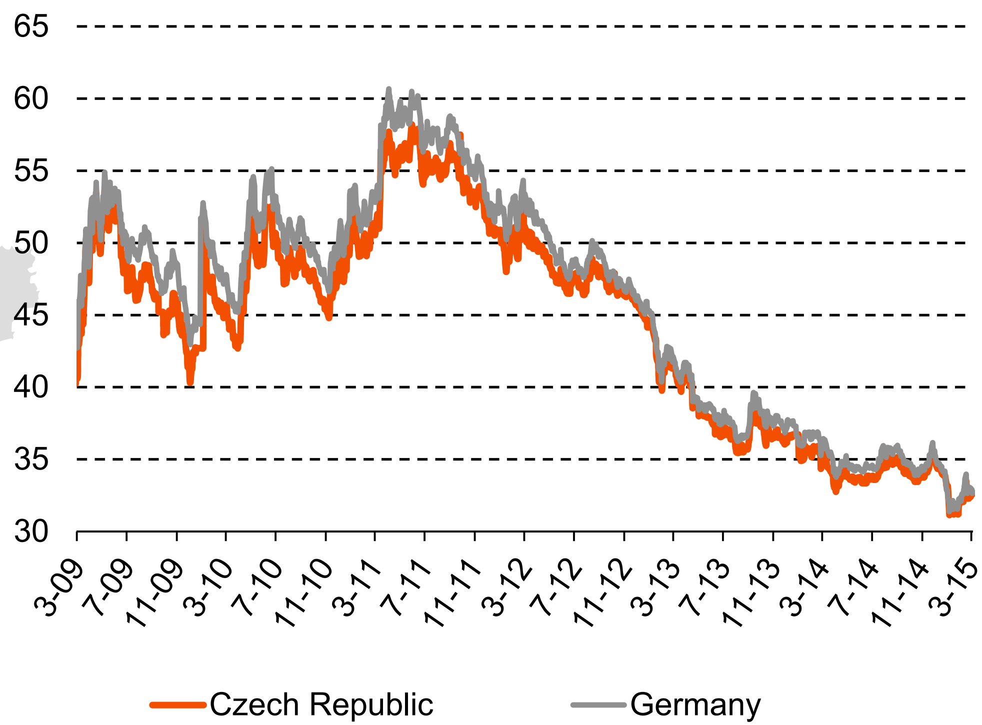
CZECH MARKET IS AN INTEGRAL PART OF WIDER EUROPEAN ELECTRICITY MARKET

- Czech power prices are fully liberalized and are driven by the same fundamentals as German market
- There are no administrative interventions from the side of the government

European electricity market

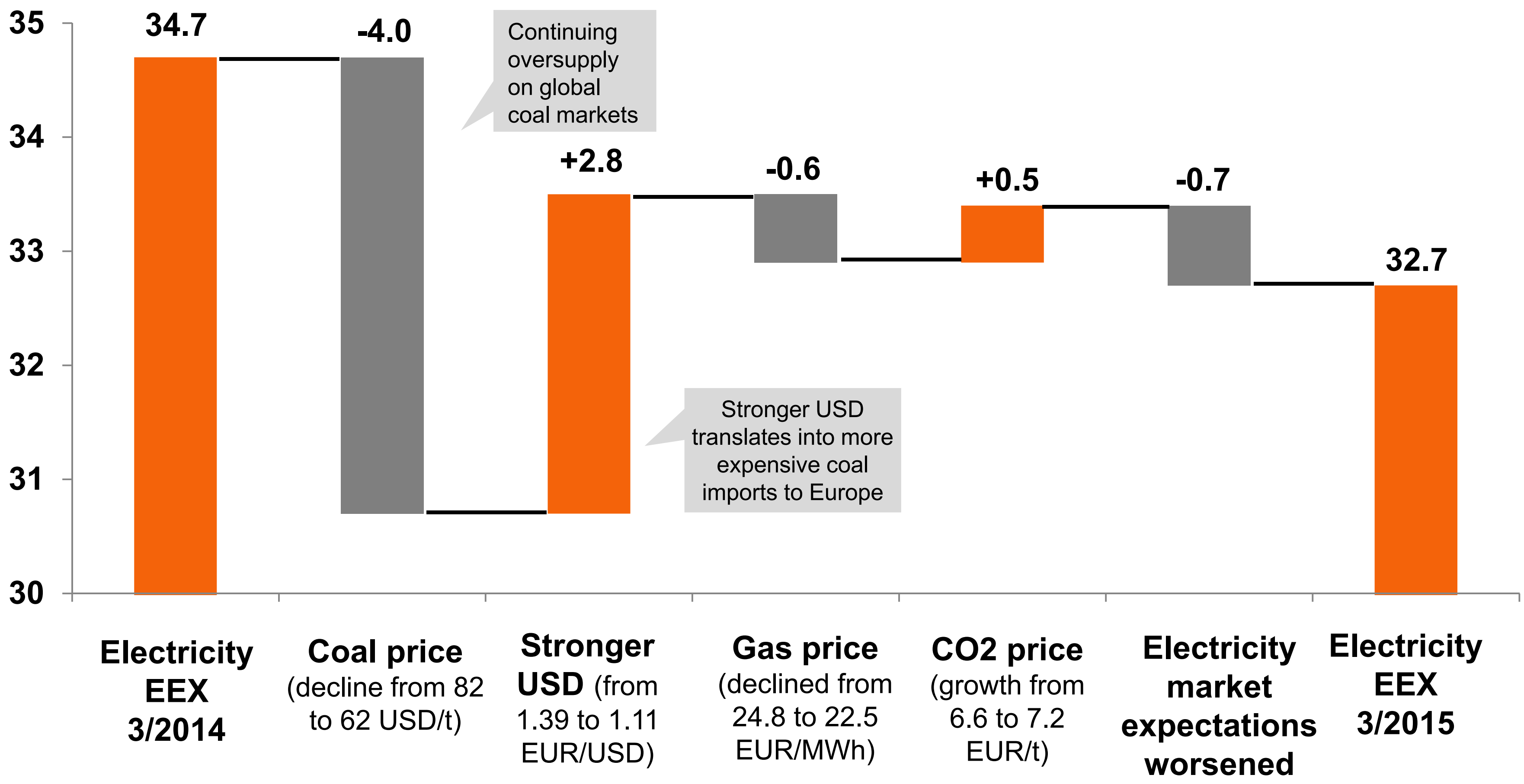


Price of electricity (year-ahead baseload, €/MWh)



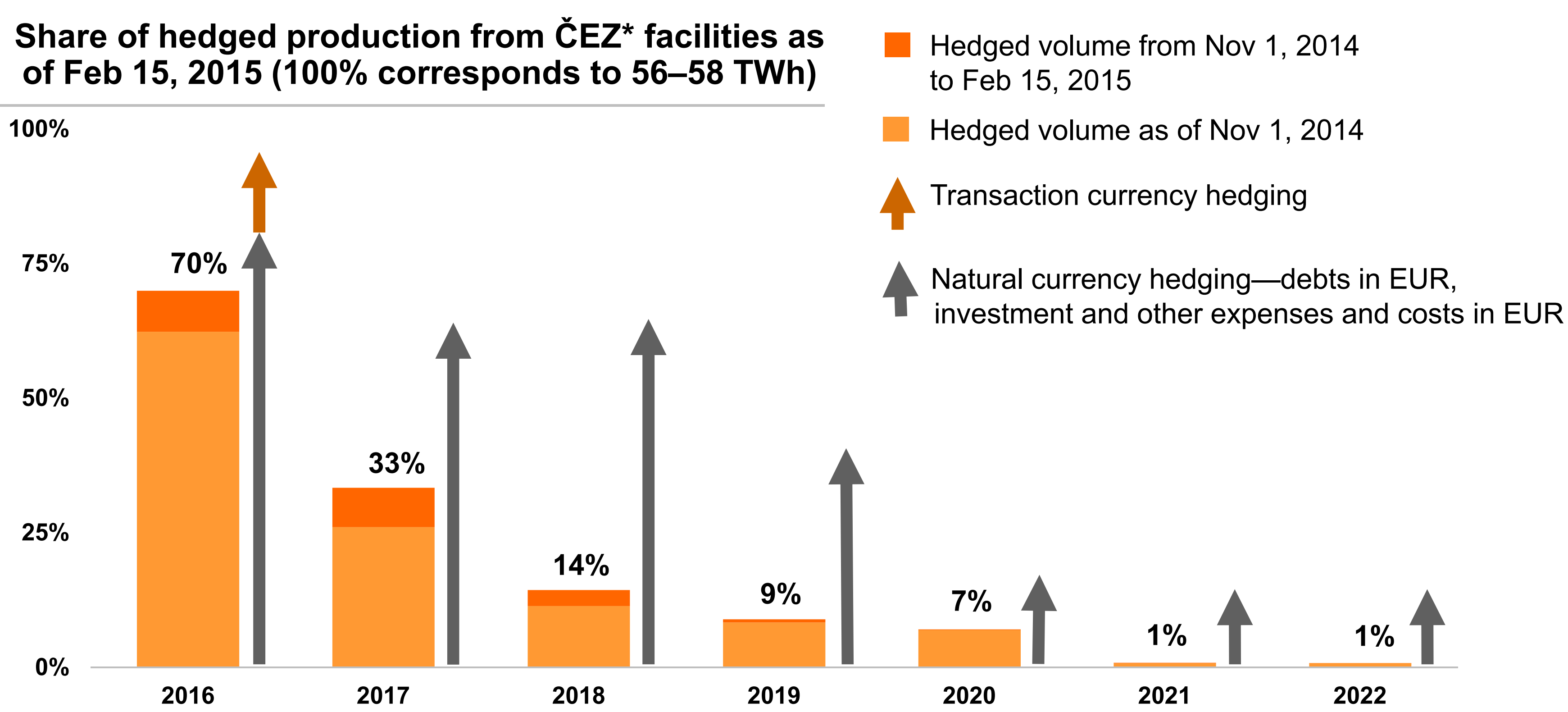
THE FORWARD ELECTRICITY PRICES HAVE DECLINED BY 2 EUR/MWH OVER THE LAST YEAR

Electricity price change decomposition (3/2014 – 3/2015)
EUR/MWh, Cal16



ČEZ CONTINUES HEDGING ITS REVENUES FROM ELECTRICITY GENERATION IN THE MEDIUM TERM IN LINE WITH STANDARD POLICY

Share of hedged production from ČEZ* facilities as of Feb 15, 2015 (100% corresponds to 56–58 TWh)

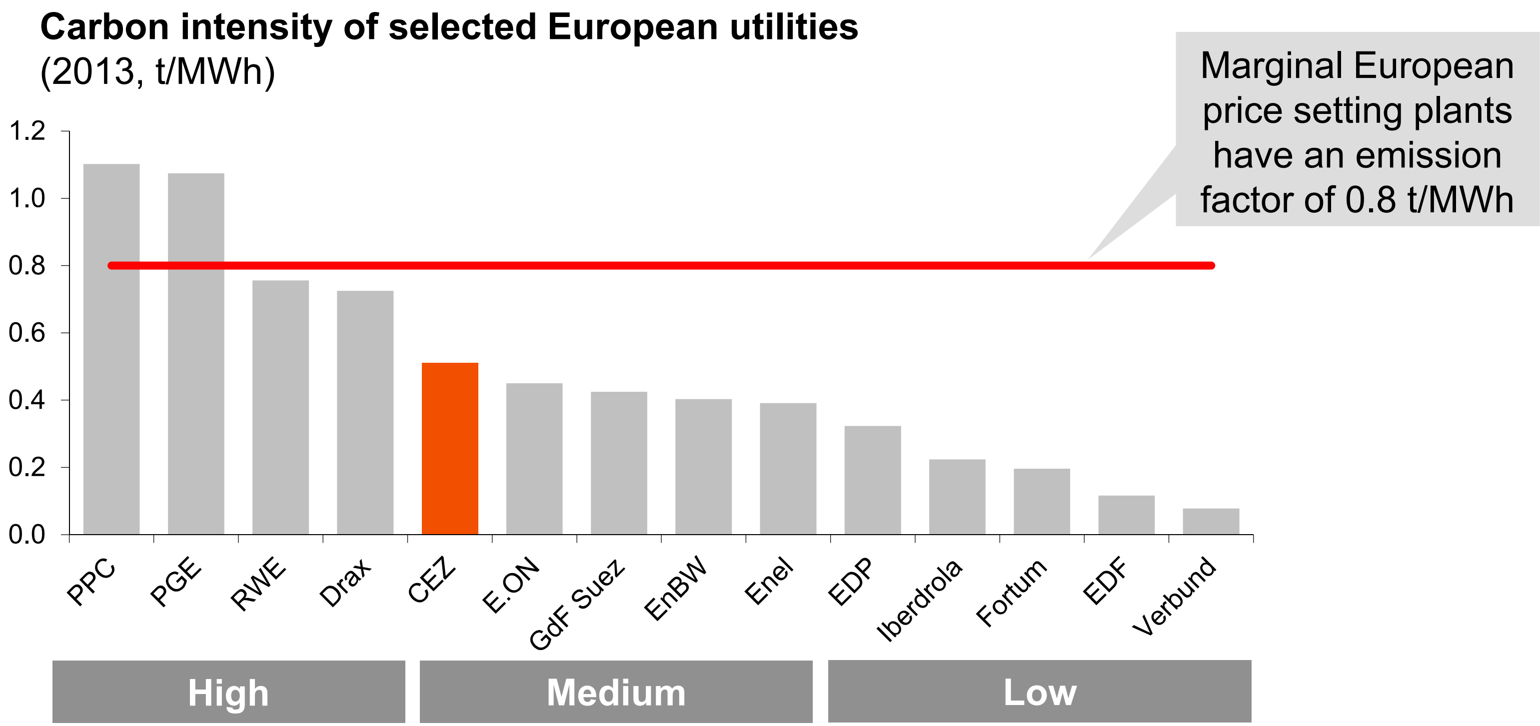


Achieved price (EUR/MWh, BL equivalent)	2016	2017	2018	2019	2020	2021	2022
	35.5	34.5	37.0	40.0	42.5	39.5	40.5

 Source: ČEZ

ČEZ* = ČEZ, a. s., including Energotrans and spun-off coal-fired power plants in Počerady and Dětmarovice

CEZ GROUP'S CO_2 INTENSITY IS BELOW EUROPEAN PRICE SETTING PLANT

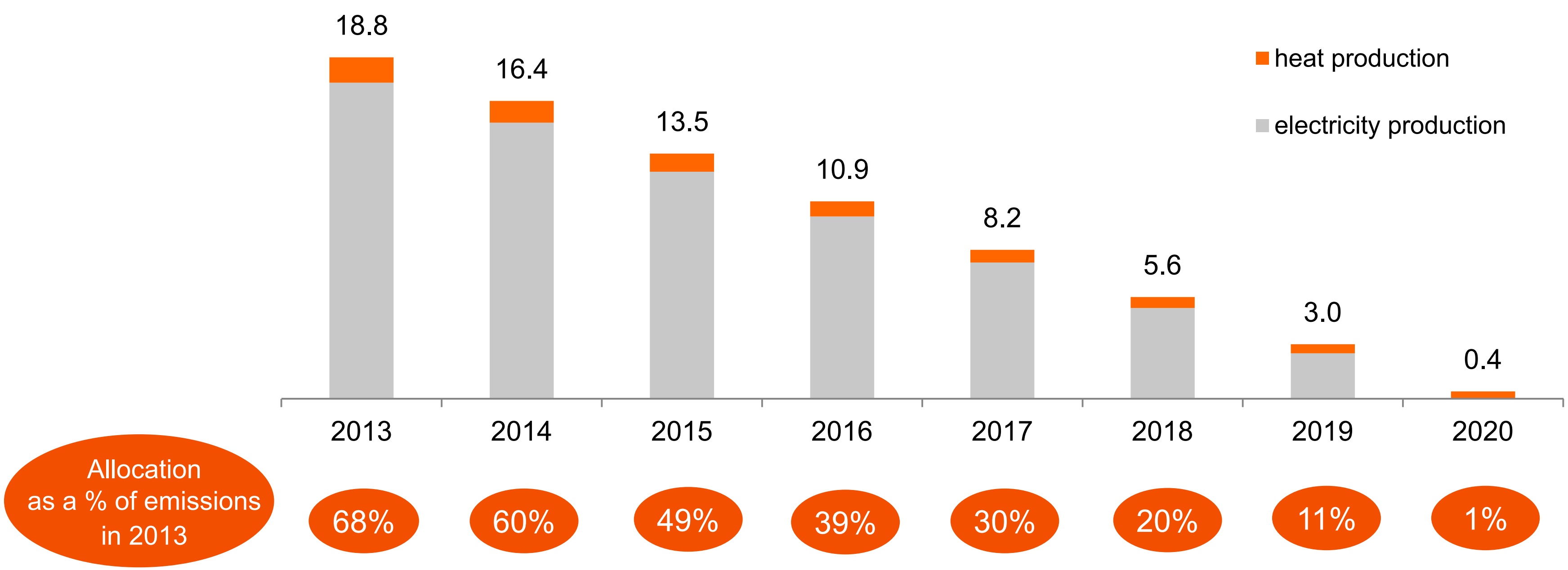


Increase in CO_2 price has a positive impact on CEZ profitability

CEZ GROUP CONTINUES TO RECEIVE PART OF EMISSION ALLOWANCES FOR FREE

- In December 2012 European Commission approved application of the Czech Republic for derogation of emission allowances for electricity production in 2013-2019.
- CEZ Group can get up to **70.2 million** emission allowances for electricity production in the Czech Republic in 2013–2019* in exchange for investments reducing greenhouse gas emissions.
- 18.8 million emission allowances for 2013 were credited on CEZ's account in Feb 14, 2014.

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



* The volume of allocated allowances decreases over years to zero allocation in 2020

EUROPEAN UNION APPROVED 2030 TARGETS AND IS PROGRESSING WITH EU ETS REFORM

The EC approved "2030 Targets", a key document that determines future development of the energy sector in the EU:

1) Binding target of **40% reduction in CO_2 emissions** (compared to 1990)
2) Binding target of at least a **27% share of renewable energy consumed** at EU level (resulting in up to 47% share of RESs in electricity generation)
3) Indicative target of **achieving at least 27% energy efficiency** at EU level
4) Binding target for **electricity interconnections** (10% by 2020, 15% by 2030)

The main parameters of allowance allocation after 2020 were defined:

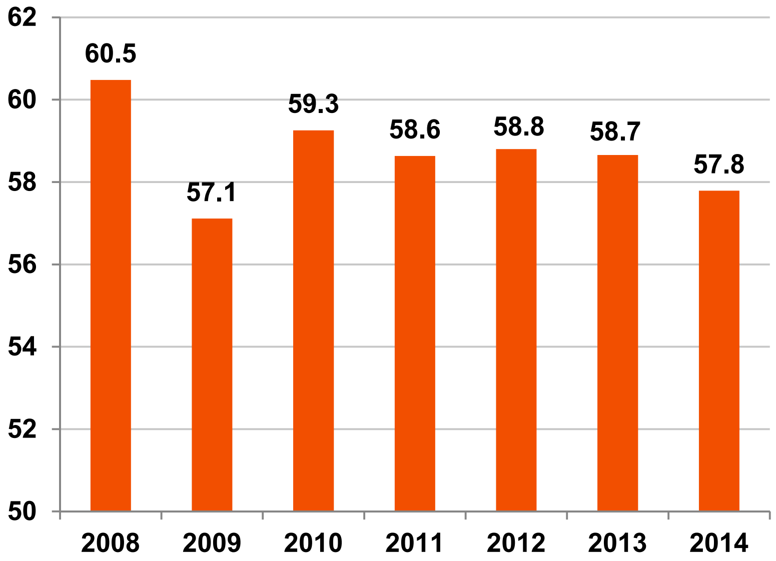
- A major portion of emission allowances will be auctioned **(40% derogation for the Czech Republic)**
- 2% of emission allowances will be placed in a reserve fund

Established the basic parameters of the EU ETS reform, which assume:

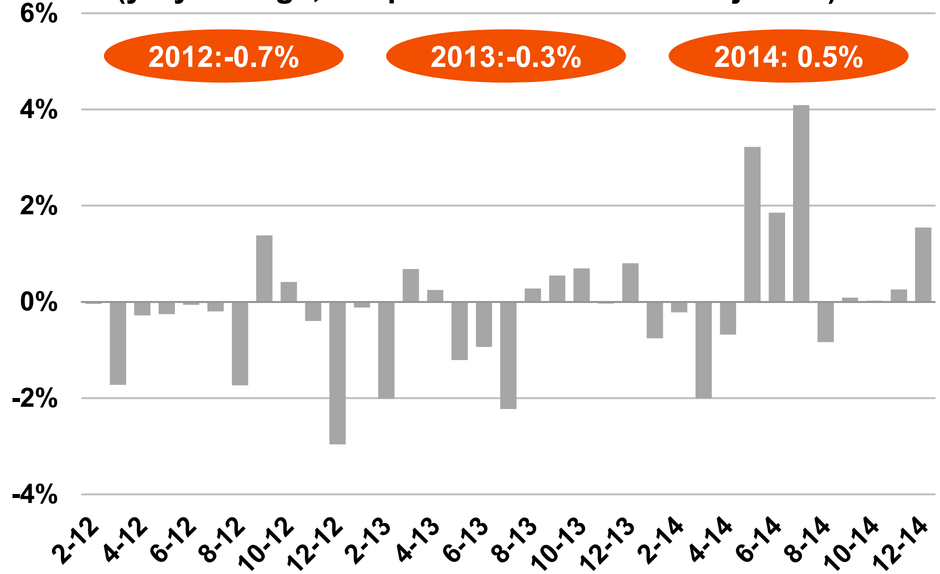
- **Partial decrease in allowance surplus in order to restore EU ETS functionality**, thus stimulating investments in low-carbon technologies and ensuring cost-effective emission reduction
- **Introduction of a Market Stability Reserve (MSR)** that should ensure flexible supply of allowances depending on economic development and technological progress

ELECTRICITY CONSUMPTION IN CEZ GROUP DISTRIBUTION AREA IN THE CZECH REPUBLIC SLIGHTLY DECLINED DUE TO AN EXCEPTIONALLY WARM WINTER IN 2014

Electricity demand in the Czech Republic (TWh)



Monthly development in Czech electricity (y-oy change, temperature & calendar adjusted)*



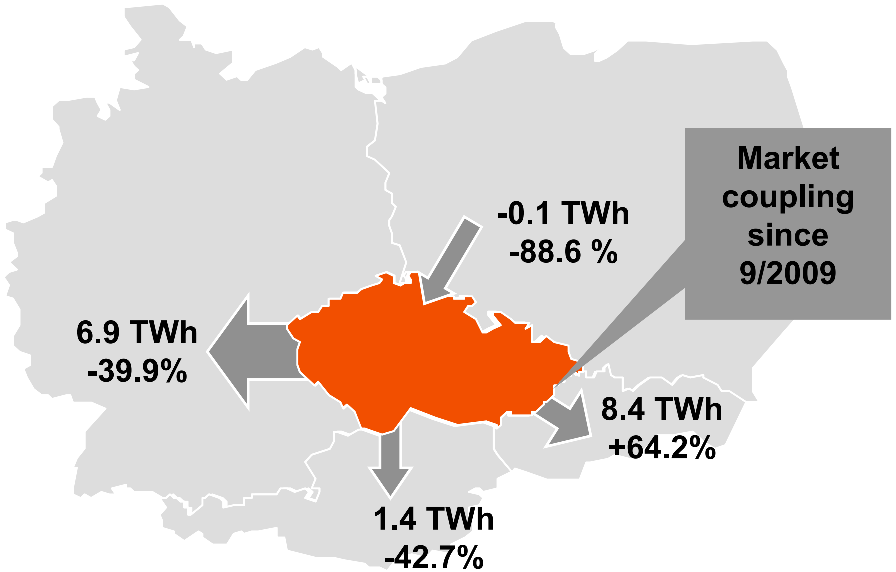
- In recent years electricity consumption was stagnant for several years and in 2014 it was 4% below its 2008 peak.
- In 2014 temperature & calendar adjusted electricity consumption increased by 0.5% y-o-y*
- Unadjusted consumption of individual segments in 2014:
  - -0.02 % large industrial companies
  - -4.0 % households
  - -5.7% small businesses

 Source: CEZ, ERU *Adjusted as per ČEZ Distribuce, a. s. model

CZECH REPUBLIC REMAINS NET EXPORTER OF ELECTRICITY

Balance of cross border trades of the Czech Republic in 2014

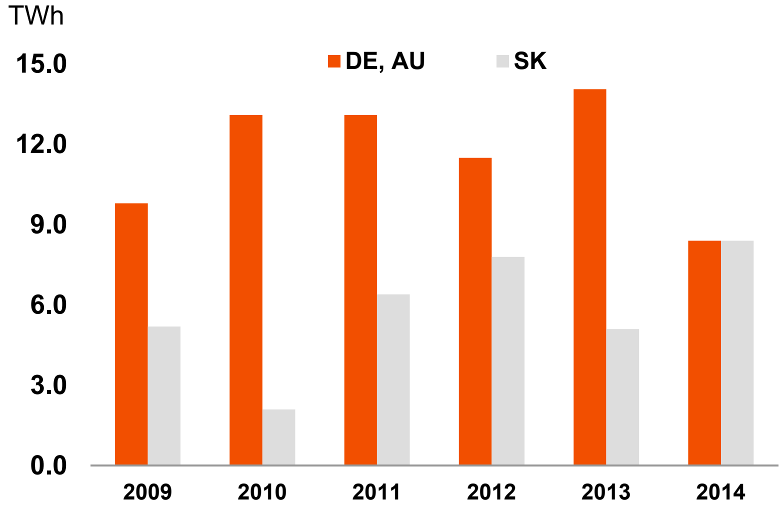
(Net exports in TWh, y-o-y changes in %)



Total net exports: 16.6 TWh, -7.0%

- CEZ is selling electricity on the wholesale market
- Czech Republic remains net exporter of power
- There are no bottlenecks on the borders (except Poland)

Development of balance of cross border trades



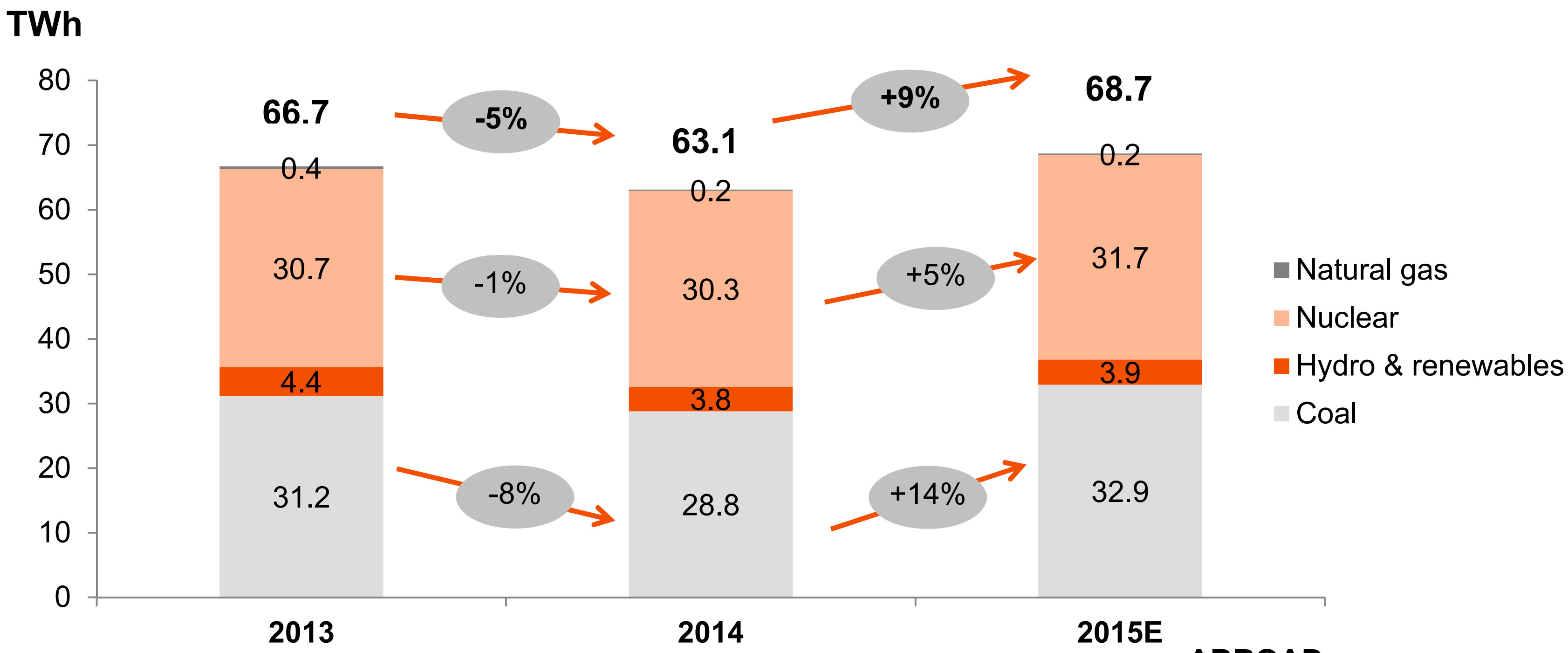
TWh	2010	2011	2012	2013	2014
DE, AU	13.1	13.1	11.5	14.1	8.4
SK	2.1	6.4	7.8	5.1	8.4
PL	-0.5	-2.1	-1.5	-1.3	-0.1
	14.8	**17.5**	**17.8**	**17.9**	**16.7**

AGENDA

KEY TARGETS IN 2015
REFLECTING OUR UPDATED STRATEGY

I	II	III
Be among the best in the operation of traditional power facilities and proactively respond to the challenges of the 21st century	Offer customers a wide range of products and services addressing their energy needs	Strengthen and consolidate our position in Central Europe
▪ Obtain an operating license for Unit 1 of the Dukovany Nuclear Power Plant for after 2015 ▪ Commission the most advanced power plant in the region—Ledvice supercritical unit (660 MW) ▪ Achieve ambitious goals for savings and growth measures amounting to CZK 6.4 bn	▪ ČEZ ESCO—prepare a comprehensive offer for corporate customers to cover their energy needs ▪ Offer new services for end customers ▪ Stabilize the number of electricity customers and increase the number of gas customers	▪ Reduce financial exposure abroad by at least CZK 7 bn and optimize the ownership structure of assets abroad ▪ Develop and increase the value of the Ecowind portfolio of wind farm projects in Poland ▪ Take advantage of the acquisition potential of attractive assets in the target region

IN 2015 WE EXPECT 9% VOLUME GROWTH PRIMARILY THANKS TO COMPLETION OF LIGNITE UPGRADES



IN THE CZECH REPUBLIC

Renewable sources (+20%)
+ Average climatic conditions expected, as opposed to the extremes in 2014

Nuclear power plants (+5%)
+ Shorter outages at both nuclear power plants and increased capacity of Temelín NPP

Coal-fired power plants (+18%)
+ Operation of Ledvice 4 Power Plant (new facility)
- Decommissioning of another unit at Ledvice 2 Power Plant
+ Operation of 3 units of Prunéřov 2 Power Plant (after comprehensive renewal)

ABROAD

Bulgaria—Varna coal-fired power plant
- Power plant shut down on Dec 31, 2014

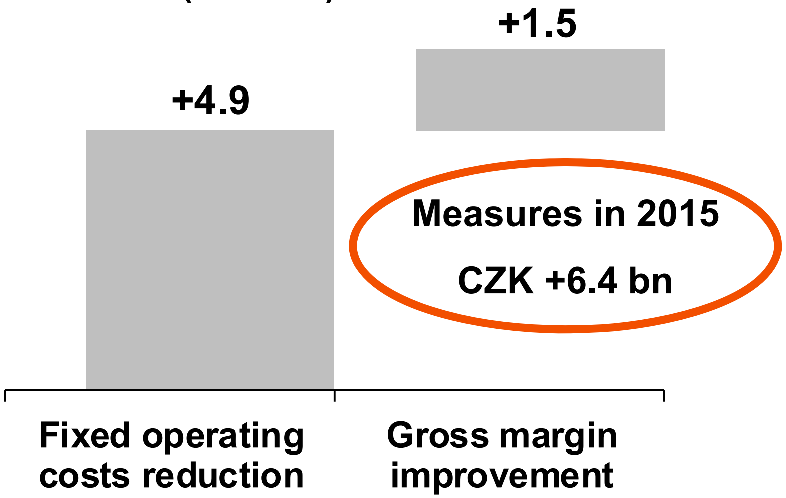
Romania RES (+9%)
+ Higher wind farm production as a result of expected standard weather conditions as opposed to worse-than-average 2014
- Production of Reșița hydro plant slightly below 2014 figures

Poland (+12%)
+ Higher production at ELCHO Power Plant, increased production at Skawina Power Plant thanks to higher utilization of upgraded turbines

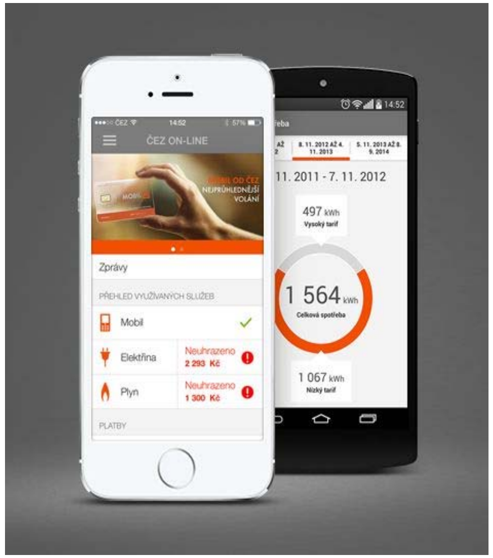
WE FULFILLED OUR COST-CUTTING AMBITION FOR 2015

- By active measures across the whole CEZ Group we managed to contribute to improvement of EBITDA of 2015 by CZK 6.4 bn compared to the original business plan.
- 2015 budget envisages a reduction in fixed costs by CZK 4.9 billion and increase in margin on new opportunities and optimization by CZK 1.5 billion compared to the last year's plan.
- CEZ Corporate headquarters made a commitment to reduce fixed costs by 24 % in 2015 with comparison to the last year‘s plan.
- **All cost-cutting measures respect the condition of compliance with all safety, legal, and regulatory requirements**

Impact of proactive measures on 2015 EBITDA (CZK bn)



WE KEEP EXPANDING SERVICES FOR CUSTOMERS



- Last year we introduced nearly **30 new measures** that resulted from customer demand:
  - Almost **16,000 customers** have activated SMS notification of planned outages
  - Newly installed payment terminals at customer centers were used to pay CZK 1.8 million
  - We cut the time of interactive voice response on our customer line by more than a half (to 36 seconds)
- Almost 200,000 customers now use **electronic billing.**
- **ČEZ GARANT** has been used by 80,000 customers.
- We keep improving the **ČEZ ON-LINE Mobile App**—an easy and comfortable way to set up packages, products, and complementary services for electricity, gas, and mobile phone.
- We created a **specialized team that is ready to help customers** e.g. with inheritance, insolvency, or change of supplier.
- Customer satisfaction is growing—**81% of customers** give the best rating to their satisfaction with how their requests were handled across all service channels.

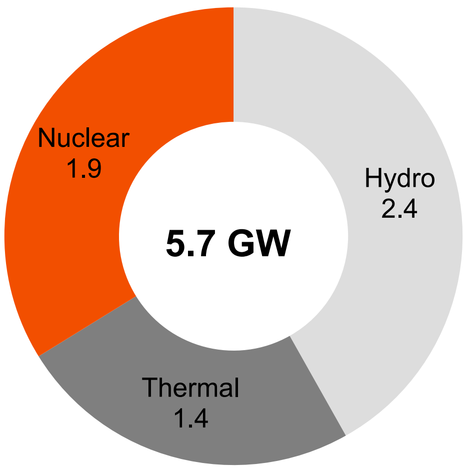
WE SEEK SOLUTIONS FOR CORPORATE CUSTOMERS AND MUNICIPALITIES

- We founded **ČEZ ESCO**, an umbrella company undertaking all activities relating to deliveries of energy commodities, distributed energy technology, energy savings, and services for large and medium-sized customers
  - ČEZ acquired a **75% stake in EVČ** in order to carry out construction in the field of energy and heat management and special energy-saving projects
  - ČEZ Energo operates almost **90 CHP units with** a combined electrical capacity of **52 MW_e** at 45 locations; 24 of those CHP units were installed last year
  - ČEZ Energetické služby concluded a total of 117 contracts for small energy construction projects with a combined value of **CZK 180 m** in 2014
- We signed a **memorandum of cooperation** in the field of energy with four Czech regions and the Union of Towns and Municipalities of the Czech Republic with the aim of designing custom-made energy solutions and help with energy savings.
- We appointed **distribution communicators** for individual regions to improve awareness of electricity outages and services related to electricity distribution.
- We were the first company in the Czech Republic to introduce **EnergoManager**, a system that seeks opportunities for savings and helps cut down businesses' and industrial plants' costs.
- We have already installed **41 charging stations** for electric vehicles, including 7 fast-charging stations; a quarter of them were installed in 2014.

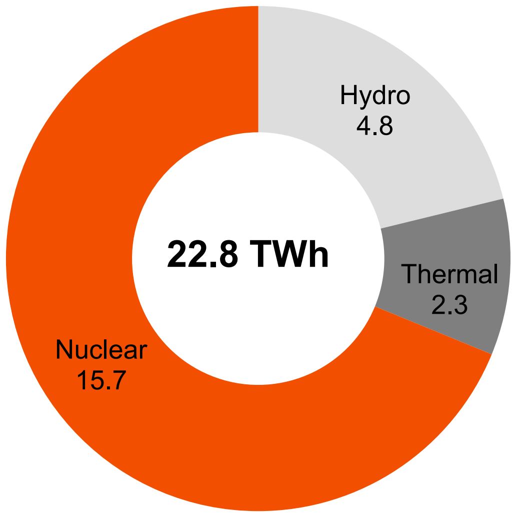
CEZ SENT AN EXPRESSION OF INTEREST FOR A STAKE IN SLOVENSKÉ ELEKTRÁRNE

- On November 19, 2014 CEZ has sent an expression of interest for 66% stake in Slovenské elektrárne, a.s. (SE), which is currently owned by Italian Enel.
- Integration of CEZ and Slovenské elektrárne would bring synergies in operations and development of nuclear and hydro power plants in both countries.
- However CEZ also expressed the necessity of detailed analysis and resolution of outstanding issues related mainly to construction of Mochovce nuclear power plant.

SE Installed Capacity* (2013)



SE Generation Volume* (2013)



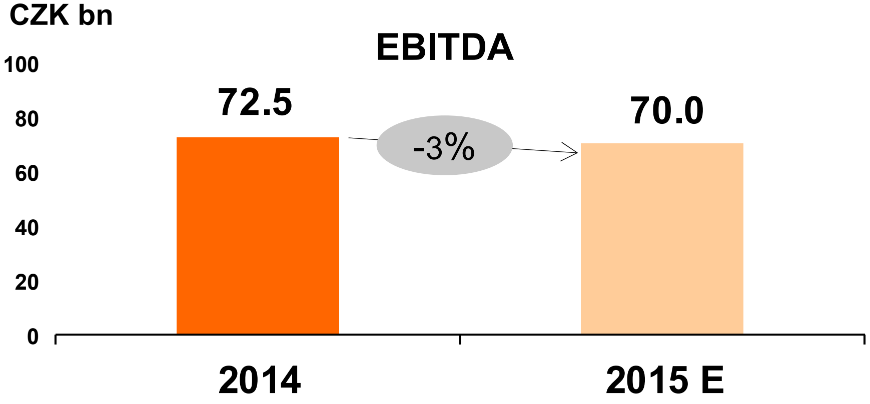
SE Financial Highlights (€ m)

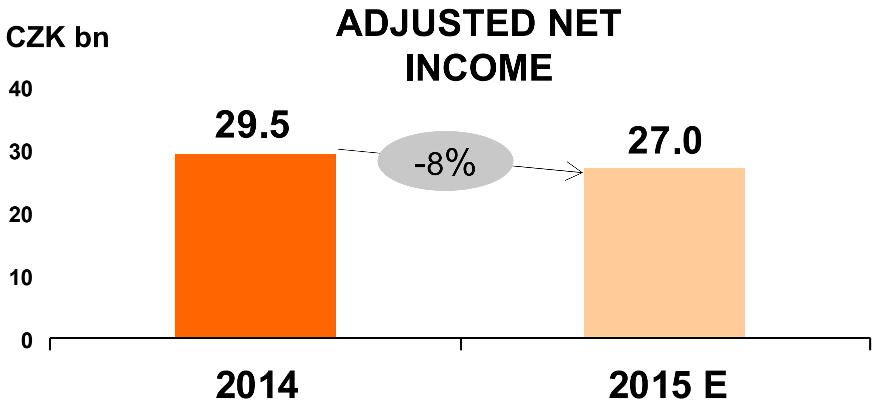
	2012	2013
Revenues	3,538	2,856
EBITDA	838	710
EBIT	541	449
Net income	449	356
Operating CF	382	311
CF from investing	-679	-612
Net financial debt	831	1,200

*Including Gabcikovo plant (747 MW, 2.6 TWh), which is operated by SE but owned by state

AGENDA

WE EXPECT 2015 EBITDA OF CZK 70 BN, ADJUSTED NET INCOME AT THE LEVEL OF CZK 27 BN





Selected year-on-year positive effects:

- Refurbishment and operation optimization of coal-fired plants in the Czech Republic
- Higher generation volume of nuclear power plants
- Cuts in fixed operating costs

Selected year-on-year negative effects:

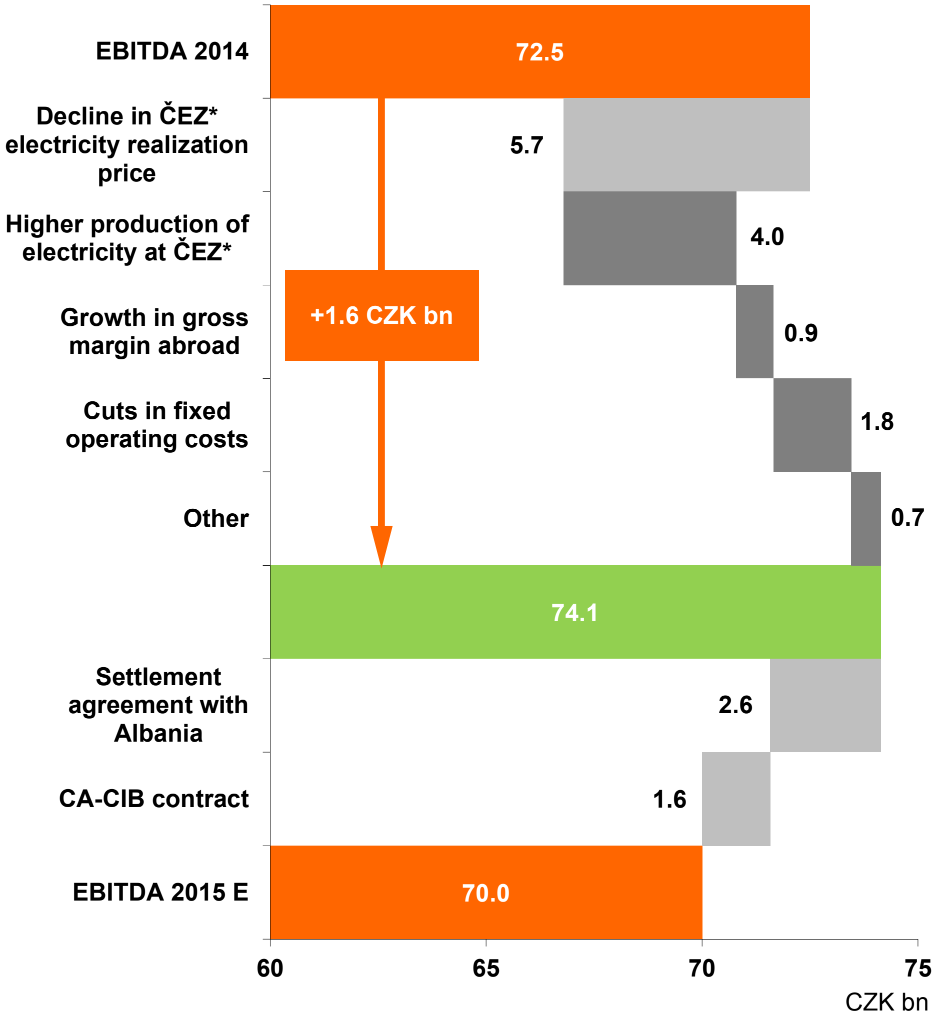
- Trend of declining electricity prices
- One-off revenue of CZK 2.6 bn from the settlement agreement with the Albanian government in 2014
- One-off revenue of CZK 1.6 bn from the termination of a long-term deal with CA-CIB in 2014

Selected prediction risks:

- Developments in regulatory and legislative conditions for the energy sector in Southeast Europe
- Change in dates of completion of coal-fired plant renewals and constructions in the Czech Republic

The 2014 net income of CZK 22.4 bn is adjusted for the effect of fixed asset impairments of CZK 7.0 bn.

EXPECTED Y-O-Y CHANGE OF EBITDA
REAL GROWTH AFTER YEARS OF DECLINE



Higher production of electricity at ČEZ*
- Upgrades to the coal-fired plant portfolio
- Higher deliveries from nuclear power plants
- Higher production at hydro plants

Growth in gross margin abroad
- RO—Green certificate allocation expected to resume
- BG—Effect of Varna power plant shutdown
- PL—Increased margin and production volume at ELCHO & Skawina

Cuts in fixed operating costs
- Effect of the successful costs cutting program announced in June 2014, which drives business segments' initiative and team performance

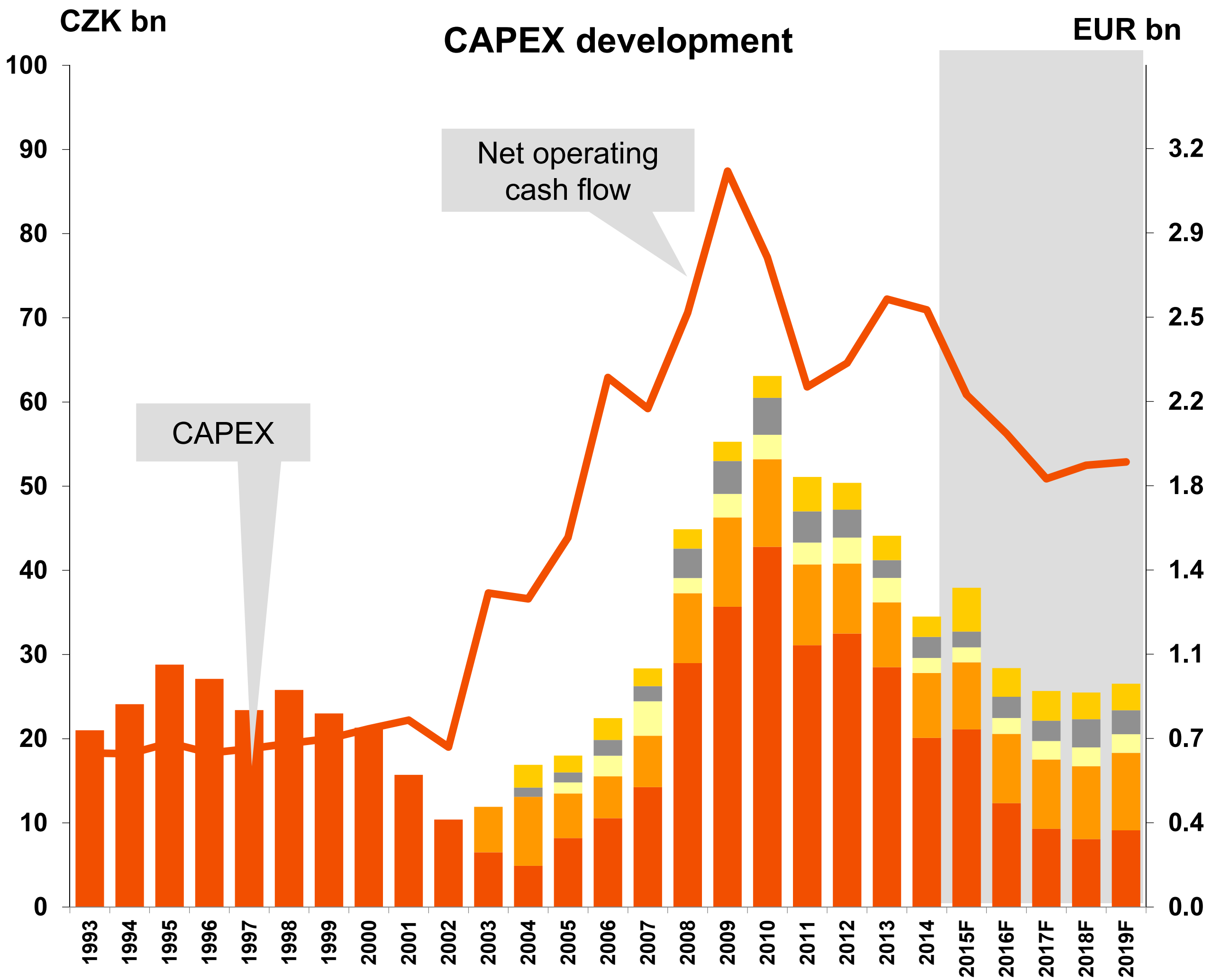
Other
- Especially lower purchase cost of emission allowances for electricity production

Settlement agreement with Albania
- One-off income from the settlement agreement in 2014

CA-CIB contract
- One-off income from the termination of a long-term commodity deal with CA-CIB in 2014

ČEZ* = ČEZ, a. s., including spun-off coal-fired power plants in Počerady and Dětmarovice

CAPEX PLAN CAN BE FINANCED FROM OPERATING CASH FLOW



2014 capex breakdown:

CZK 20.1 bn Generation

CZK 9.5 bn Distribution

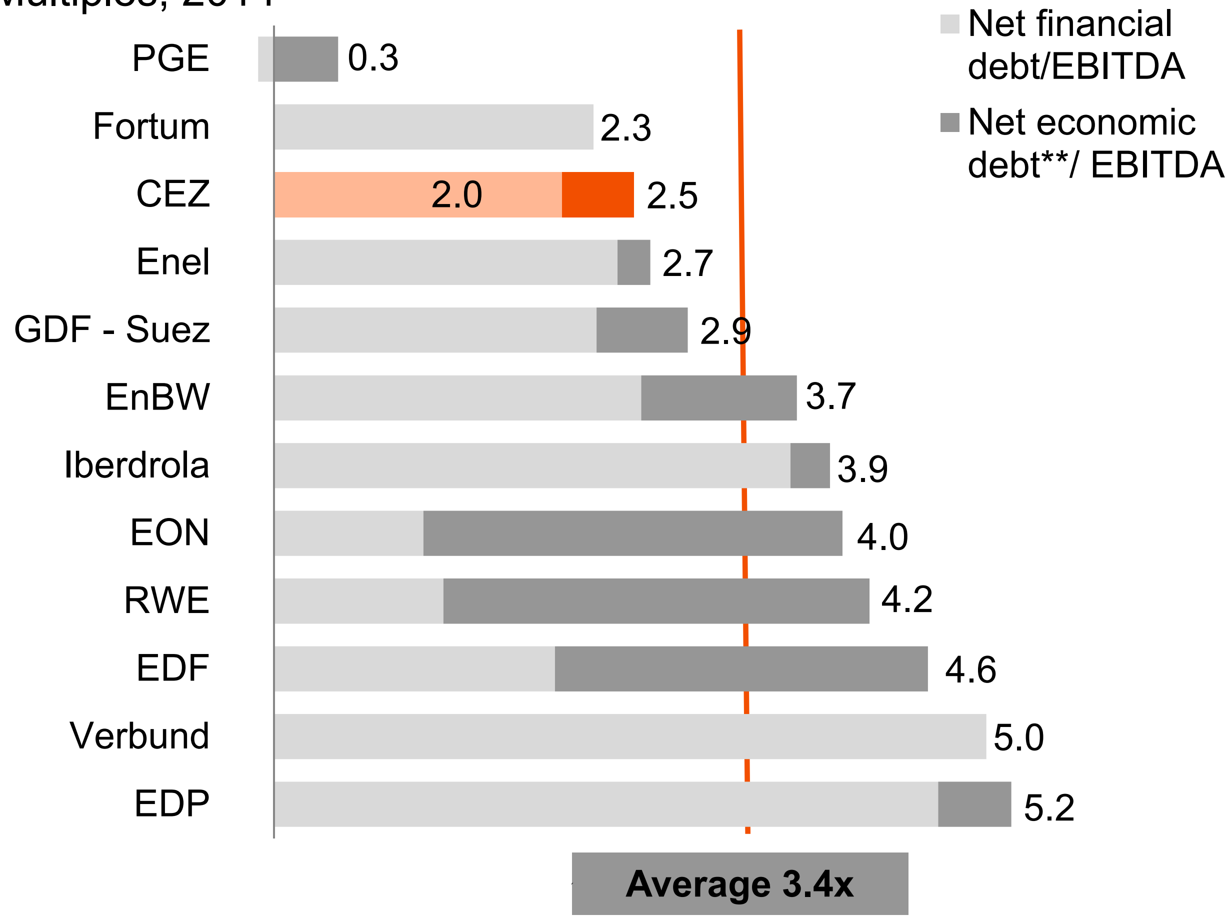
CZK 2.5 bn Mining

CZK 2.4 bn Others

Note: * based on business plan approved in Dec-14, which uses electricity forwards as of Sep-2014. Exchange rate CZK/EUR = 27.725

OUR CURRENT LEVERAGE IS LOW COMPARED TO INDUSTRY STANDARDS

Net economic debt/ EBITDA*
Multiples, 2014



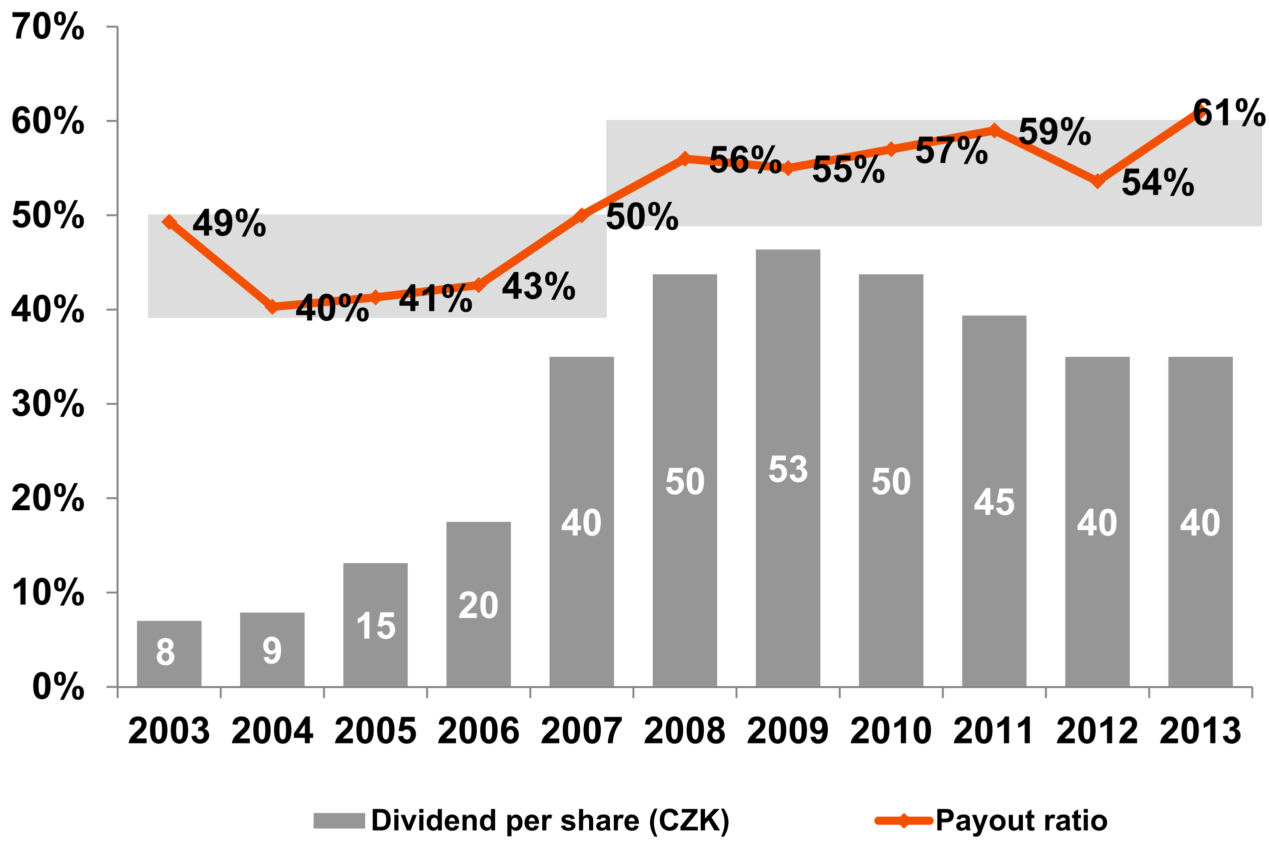
Medium-term target leverage remains intact:

- Net debt/EBITDA ratio at 2.0-2.5x
- Consistent with current rating of A-/A2

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

CEZ GROUP IS COMMITTED TO MAINTAIN ITS PAYOUT RATIO OF 50 – 60 % OF NET INCOME

Payout ratio (%)



- Dividend policy targets payout ratio in the range of 50% to 60% of the consolidated profit adjusted for extraordinary items.
- On June 27, 2014 shareholders approved the dividend from 2013 profits of CZK 40 per share. Payment started on August 1, 2014.

AGENDA

KEY EVENTS IN 2014

CZECH REPUBLIC

- On April 10, the tender procedure to select an EPC contractor for new units at the Temelín Nuclear Power Plant was canceled; project preparation continues, its completion date is to reflect the Czech Republic's energy policy.
- The achievable capacity of Temelín NPP Unit 1 was increased from 1,056 Mw_e to 1,078 MW_e.
- Construction of the first large Czech CCGT plant was completed in Počerady

ABROAD

- Settlement agreement with the Albanian government with a positive effect on CEZ's results amounting to EUR 100 m; the Albanian party's obligation is guaranteed by a reputable European bank.
- CEZ successfully built and commissioned a 904MW power plant in Egemer, Turkey - its first large CCGT plant abroad.
- Romania radically restricted real support for renewable sources, incl. the Fântânele and Cogealac wind farms. The restriction resulted in the market price of green certificates slumping to the statutory minimum and in suspension of the allocation of green certificates to a major portion of the farms.
- The operation of coal-fired power plant in Varna, Bulgaria stopped on 12/31/2014.

CEZ IS A STRONG AND VERTICALLY INTEGRATED PLAYER IN THE CZECH ELECTRICITY MARKET

	Lignite mining	Generation	Transmission	Distribution	Supply
CEZ	**58%** 23.7 million tons	**72%** 62 TWh	**100%** 52.9 TWh	5 out of 8 distribution regions 64% of customers	**36%** 21 TWh
Others	**42%** 16.9 million tons	**28%** 24.8TWh		36% of customers	64% 37.7 TWh

Lignite mining
- CEZ fully owns the largest Czech mining company (SD) covering 73% of CEZ' s lignite needs
- Remaining 3 coal mining companies are privately owned

Generation
- Other competitors – individual IPPs

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

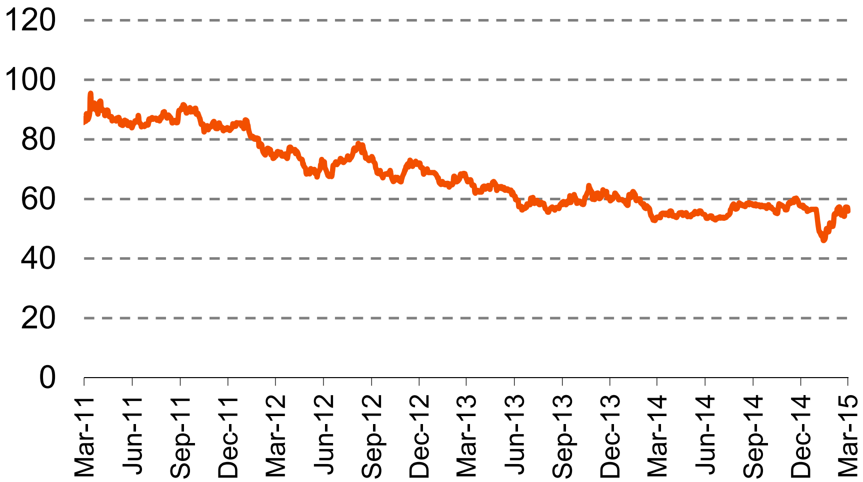
Distribution

Supply
- Other competitors – E.ON, RWE/EnBW

Source: CEZ, ERU, OTE, companies´ data ; data for 2013

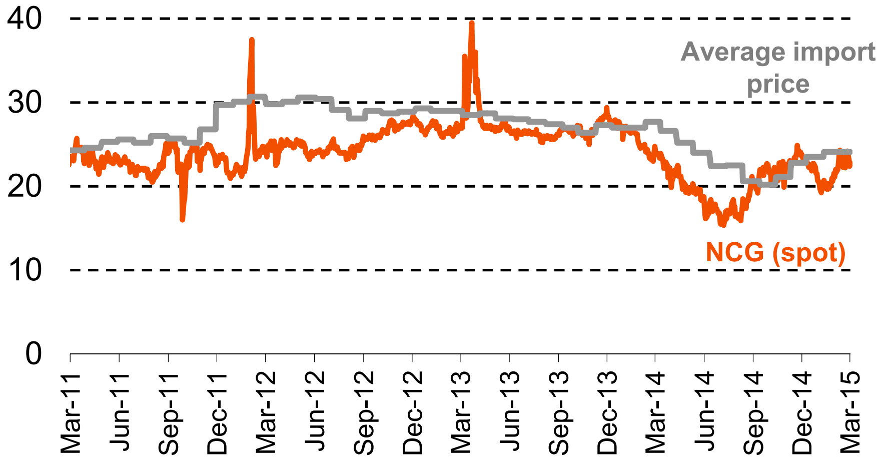
HISTORICAL DEVELOPMENT OF PRICES OF INPUT COMMODITIES

Coal (EUR/t)

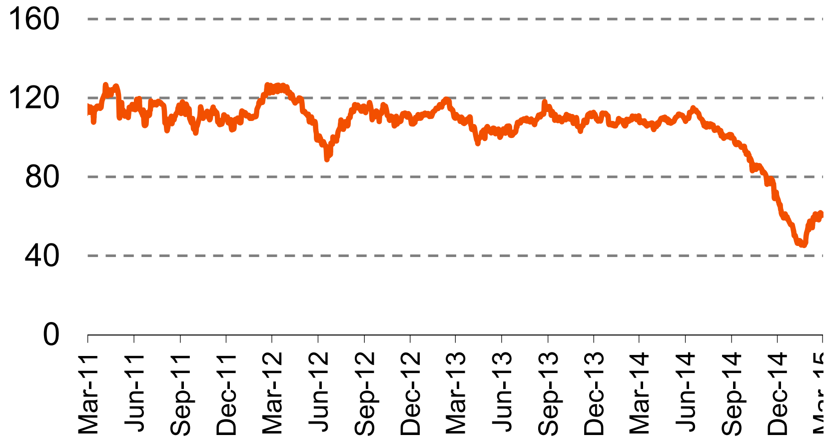


CO_2 allowances (EUR/t)

Gas (EUR/MWh, in Germany)

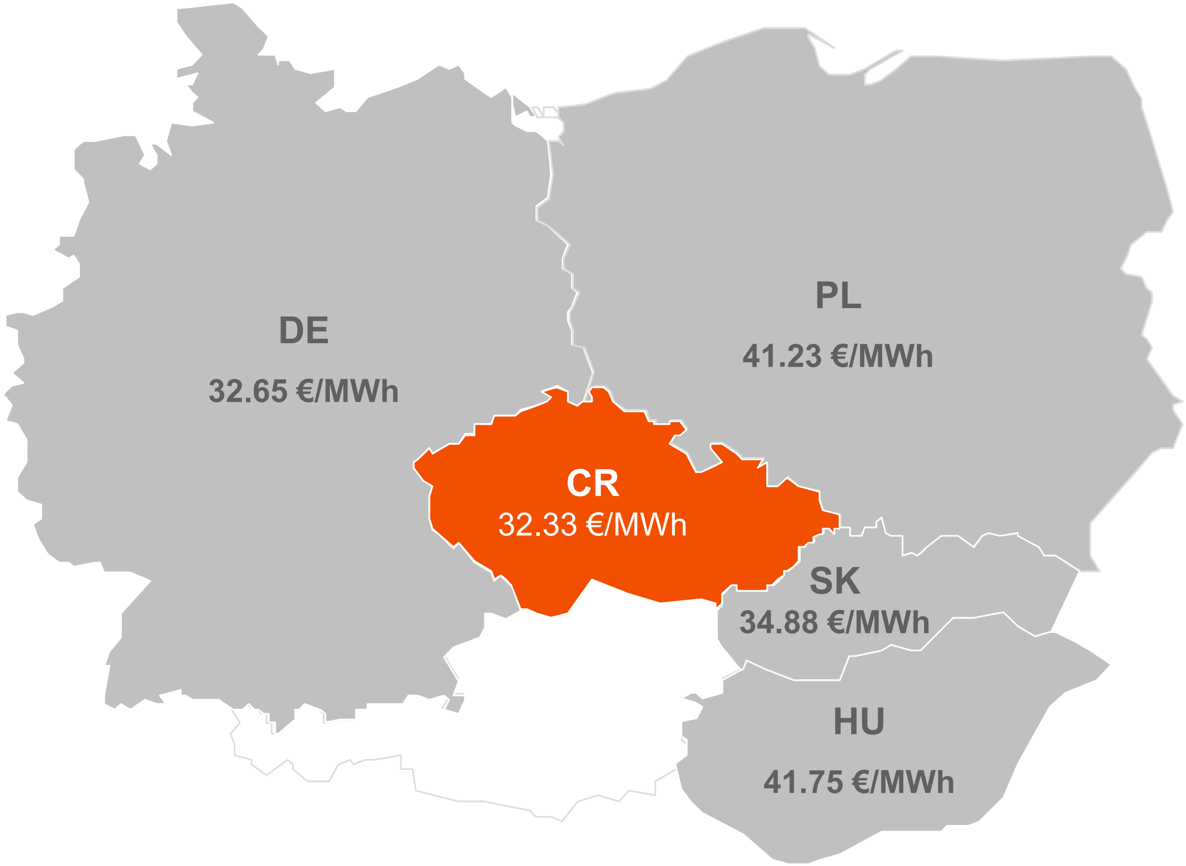


Oil Brent (USD/bl)



Note: next month deliveries, spot, CO2 – Mid Dec delivery

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

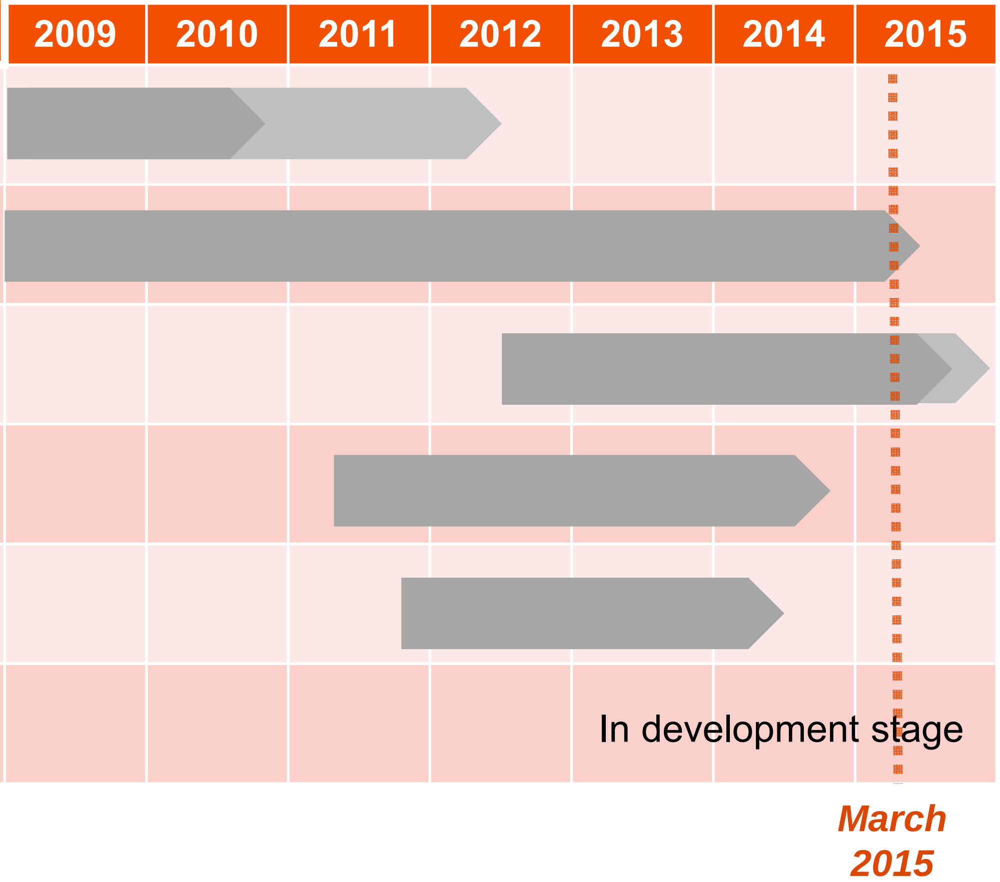


Note: Prices for baseload 2016 as of March 3rd, 2015

Source: EEX, PXE; PolPX, Bloomberg

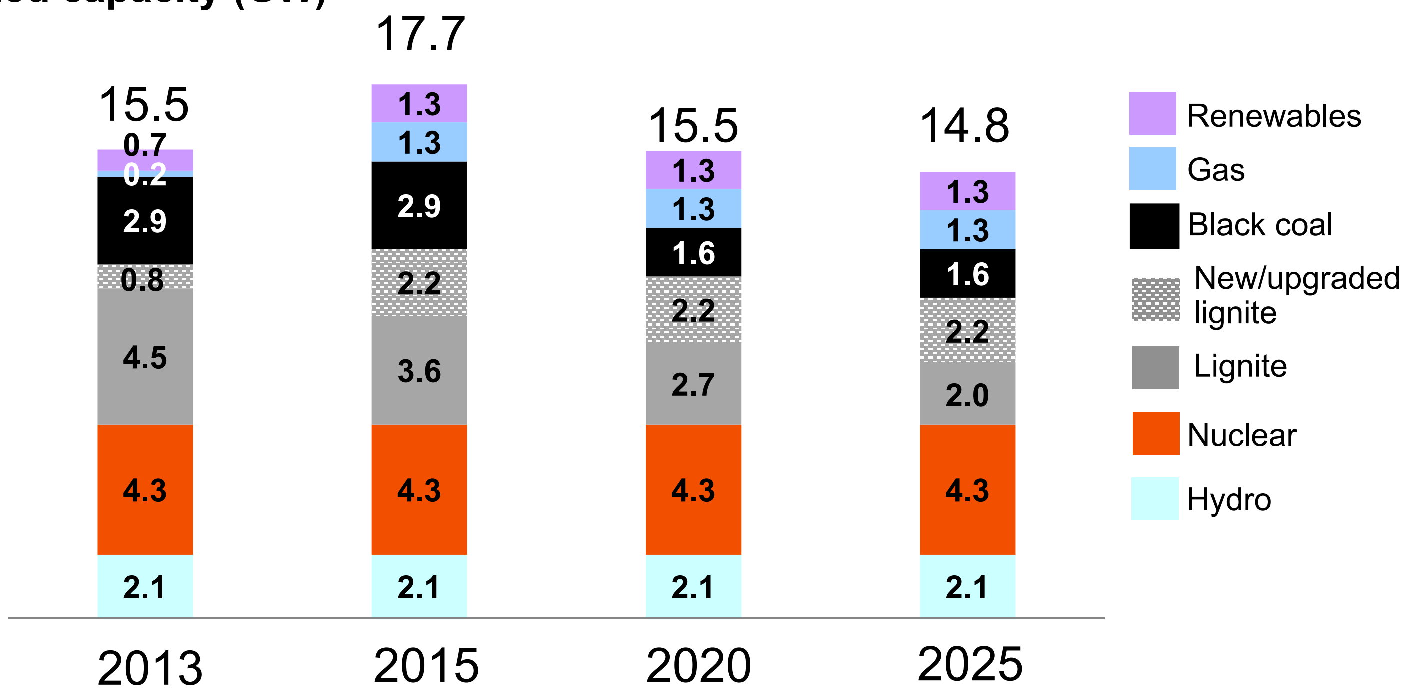
CONSTRUCTION AND MODERNIZATION OF OUR POWER PLANTS IS ALMOST COMPLETED

Plant	Capacity (MW)	Efficiency	Construction period
Tušimice (lignite)	4 x 200	39%	
Ledvice (lignite)	1 x 660	42.5%	
Prunéřov (lignite)	3 x 250	<39%	
CCGT Počerady	841	57.4%	
CCGT Hatay (Egemer)	904	57.8%	
Kemah (hydro)	240		In development stage



INVESTMENT PROGRAM ALLOWS CEZ TO REDUCE THE AVERAGE CARBON EMISSION FACTOR

Expected installed capacity (GW)
(proportionate*)



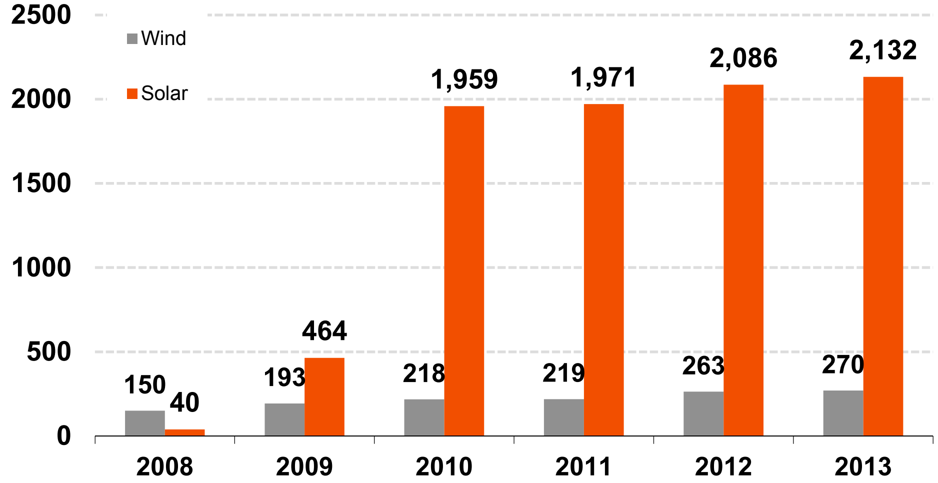
	2013	2015	2020	2025
Total CO_2 emissions (m t CO_2)	30.8	33.7	29.0	27.8
Emission intensity (t CO_2/MWh supplied)	**0.51**	**0.49**	**0.44**	**0.42**

* includes equity consolidated companies (Akenerji)

CZECH REPUBLIC: RENEWABLES SUPPORT

Renewables type (prices for installations put into operation in 2013)	**2013 feed-in tariff (€/MWh)**	**2013 green bonus (€/MWh)**
Solar <30 kW	97-119	75-114
Solar >30 kW	0	0
Wind	84	62
Small hydro	80-151	48-95
Biogas stations	76-141	36-99
Pure biomass burning	82-129	48-90

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



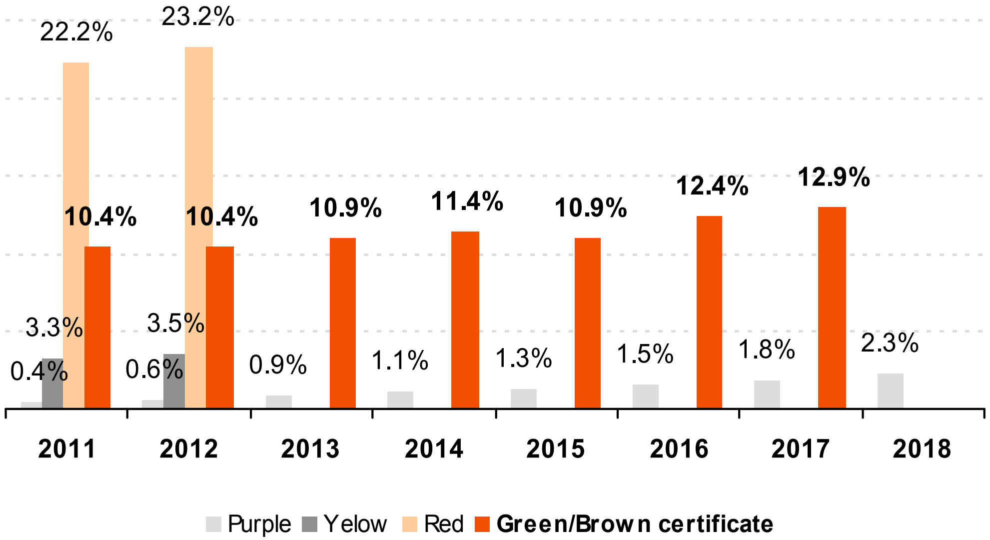
CZK/EUR = 25.14

- Support for renewables is given only to installations which were put into operations by Dec 31, 2013.
- 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)
- Fees for renewables are part of regulated distribution tariffs charged to final customers.
- 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 put into operations in 2010 with capacity over 30kWp are obliged to pay 10% tax of revenues.

 Source: Energy regulatory office (www.eru.cz)

POLAND: RENEWABLES SUPPORT

Mandatory quota set by Regulation of Ministry of Economy of August 14, 2008



	Renewables/ biogas	Co-generation		
Prices in 2013 in EUR/MWh	**Green/Brown**	**Red**	**Yellow**	**Purple**
Substitute fee	71.7	7.2	35.9	14.4
Certificate of origin*	35	0.7	28.5	14.1

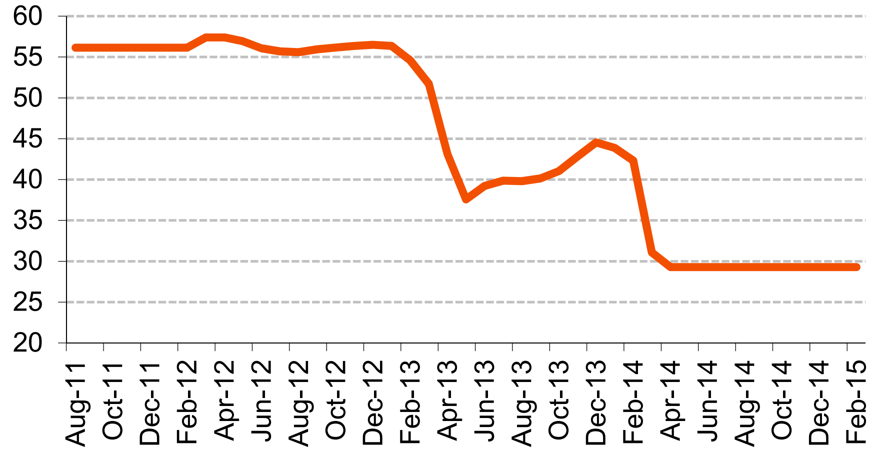
- System based on granting certificates of origin (green certificates for electricity from renewable sources) to producers of electricity from renewable sources (1 certificate/1 MWh produced) on top of electricity price
- Certificates (property rights derived from certificates) are traded on Polish Energy Exchange
- Energy companies delivering electricity to final consumers have to supply a given portion of electricity from renewable sources each year, which can be executed by:
  - a) submitting certificates of origin
  - b) payment of a substitute fee**
- Substitute fee is set by Energy Regulatory Office at the end of March each year, level is adjusted annually for inflation of preceding year
- Guaranteed revenue from wholesale electricity selling for RES producers by possibility of sale to seller default for an average price of preceding year (2012 199 PLN/MWh=47.6 EUR/MWh)
- Financial penalty for failure to meet the obligation: minimum 130% of substitute fee, maximum 15% of company revenues for previous year
- Certificates issued and mandatory quota for suppliers set also for biogas production (brown certificates) and cogeneration (yellow, red, purple certificates)

ex. rate 4.15 EUR/PLN for 2013, 4.18 EUR/PLN for 2012, * average prices from continuous trading in 2013, , ***payment in account of The National Fund of Environment Protection and Water Management

ROMANIA: RENEWABLES SUPPORT

- Two green certificates (GC) obtained by the producer for each MWh supplied from wind to the network until 2017, one GC from 2018 onwards
- In July 2013 Romanian government has approved an emergency decree which defers trading of second green certificate for wind farm producers until 1 Jan 2018.
- Legally set up price for green certificate is 27 to 55 EUR in 2008 – 2025
- GC may be sold to electricity suppliers using bilateral negotiated contracts or on the centralized market of green certificates
- Duration of support – 15 years
- Penalty for suppliers unable to comply with annual mandatory quota – double of the maximum trade value of GC
- New Law 134/2012 on renewables stipulates that existing producers over 125 MW receive GC according to normal supporting scheme for 2 years, with the obligation to individually notify to Brussels for state aid support within following 3 months after accreditation.

Green certificates market clearing price (EUR/certificate)



 Source: OPCOM

OVERVIEW OF REGULATION OF DISTRIBUTION NETWORKS

	Czech Republic	Bulgaria	Romania
2015 RAB (local currency)	85,500 m	499 m	2,409 m
2015 RAB (€ m)	3,084	254.5	537
2014 WACC pre-tax	6.146% (nominal)	7% (nominal)	7.7% (real)
Regulatory period	2010-2015	2013-2015	2014-2018

CZK/EUR = 27.725, BGN/EUR = 1.96, RON/EUR = 4.48

CZECH REPUBLIC: ELECTRICITY DISTRIBUTION - OVERVIEW OF REGULATORY FRAMEWORK

Regulatory Framework

- Regulated by ERU (Energy Regulatory Office, www.eru.cz)
- The regulatory formula for distribution
  - Revenue cap = Operating expenses + Depreciation + Regulatory return on RAB - Other revenues corrections +/- Quality factor
  - RAB adjusted annually to reflect net investments
  - Regulatory rate of return (WACC nominal, pre-tax) – 6,146% for 2015
  - Operating costs are indexed to CPI + 1% (30% weight) and market services price index (70% weight). They are also adjusted by efficiency factor of 2,031%/year

Regulatory period

- Actual 3rd regulatory period was extended by one year and will last 6 years (2010 – 2015)
- 4th regulatory period: expected to start from January 1, 2016, 3 years period (2016 – 2018)

The proposed main principles are very similar to the rules of the third regulatory period with the exception of WACC. We expect:
- lowering allowed costs;
- pressure on quality and security of electricity distribution;
- determination of new methodology of WACC and 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

The regulatory principles related to the IVth regulatory period must be implemented into the legislation till the end of June 2015.

BULGARIA: REGULATORY FRAMEWORK OF ELECTRICITY DISTRIBUTION

Regulatory Framework

- Regulated by SEWRC (State 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% for 3rd regulatory period
  - RAB set at EUR 254.5 m for 3rd regulatory period
  - CPI adjustment used for part of costs (OPEX) of EUR 55.4 m
  - Technological losses in 3rd regulatory period set by regulator at 8%
  - Efficiency factor introduced in 2nd regulatory period
  - Investment plan – approved by the regulator retrospective for 3rd regulatory period

Regulatory periods

- 3rd regulatory period July 1, 2013 – June 31, 2015
- 4th regulatory period July 1, 2015- June 31, 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.

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 applicable starting with 2015. Penalty/premium - maxim annual +/- 4% from annual revenues
- Possibility for annual corrections
- Investment plan – approved by ANRE before regulatory period starts
- Regulatory return (WACC pre-tax real terms) equals to 7.7% in 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 in the third regulatory period

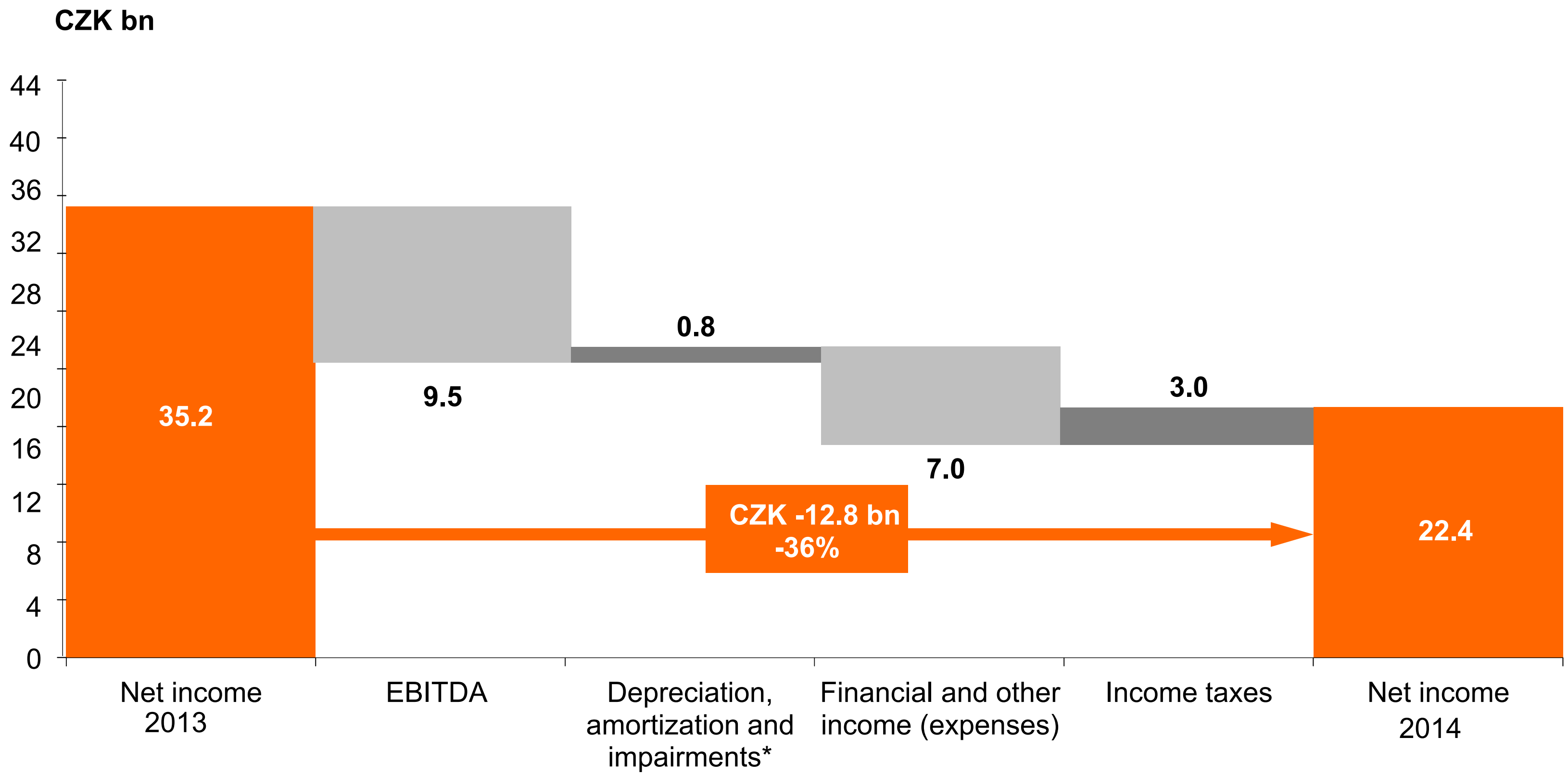
Regulatory periods

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

Liberalization

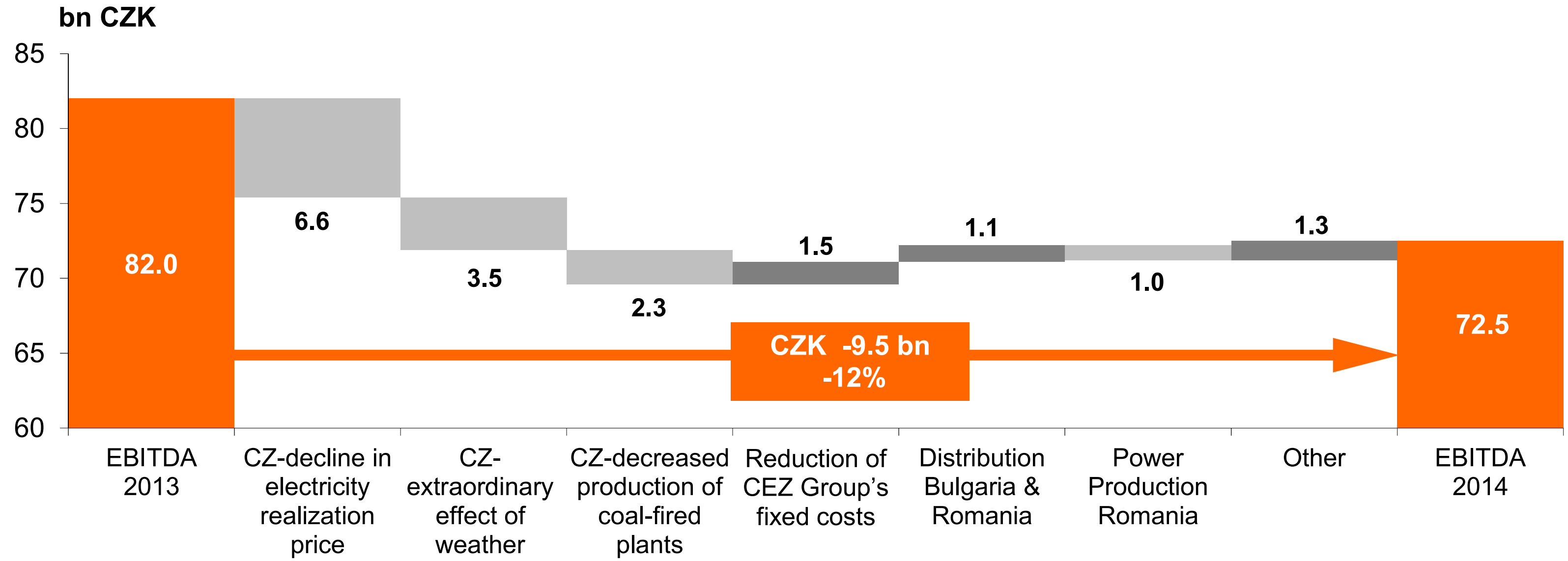
- Complete removal of regulated prices for industrial consumers by end 2013 and for residential consumers by 2017
- Starting January 2014, non-residential customers that benefit of Universal Service (US) are priced with 100% CPC tariff (free market component, endorsed by ANRE). The non-residential customers 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

DRIVERS OF YEAR-ON-YEAR CHANGE IN NET INCOME IN 2014



* Including profit/loss on sales of tangible and intangible fixed assets and write-off of terminated investments

KEY DRIVERS OF YEAR-ON-YEAR CHANGE OF EBITDA IN 2014



Czech Republic—Extraordinary effect of weather (CZK -3.5 bn)
- Lower volume of distributed electricity, delivered electricity, gas, and heat due to above-average temperatures in 2014 (CZK -1.4 bn)
- Decreased demand for coal mined by Severočeské doly (CZK -1.4 bn)
- Decrease in production from hydro plants due to exceptionally dry H1 (CZK -0.7 bn)

Czech Republic—Drop in electricity generated by coal-fired plants (CZK -2.3 bn)
- Caused mainly by the sale of Chvaletice Power Plant in 2013 and comprehensive refurbishment of generation facilities

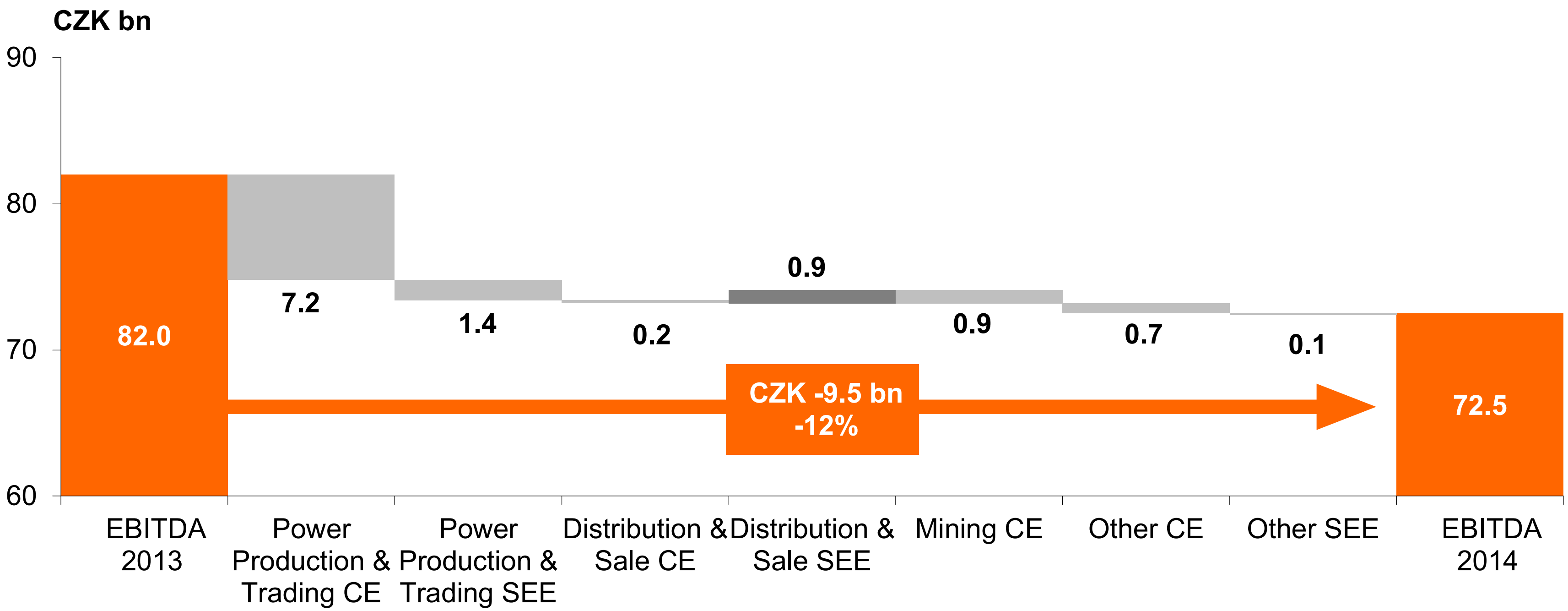
Distribution Bulgaria and Romania (CZK +1.1 bn)
- Claim set-off with Bulgarian state-owned energy company NEK and dissolution of allowance for a lawsuit on account RES producers' fees in Bulgaria (CZK +1.0 bn)
- Extraordinary income from payment of debts by state railways and Romanian Post (CZK +0.5 bn)

Power production Romania (CZK -1.0 bn)
- Effect of suspended certificate allocation and drop in certificate market price (CZK -0.8 bn)

Other (CZK +1.3 bn)
- Settlement agreement with Albania in 2014
- Income from trades with emission allowances (CER gate) in 2013; higher income from comodity trading in 2014

 Due to precise mathematical rounding, the sum of partial values listed can sometimes differ from the total value.

YEAR-ON-YEAR CHANGE OF EBITDA BY SEGMENT



Due to precise mathematical rounding, the sum of partial values listed can sometimes differ from the total value.

OTHER INCOME (EXPENSES)

(CZK bn)	2013	2014	Change	%
EBITDA	82.0	72.5	-9.5	-12%
Depreciation, amortization and impairments	**-36.3**	**-35.6**	**+0.8**	**+2%**
Financial and other income (expenses)	**-1.3**	**-8.3**	**-7.0**	**>200%**
Interest income (expenses)	-3.1	-3.0	+0.1	+2%
Interest on nuclear and other provisions	-1.8	-1.8	0.0	-2%
Income (expenses) from investments	4.7	-0.2	-4.8	-
Other income (expenses)	-1.1	-3.3	-2.2	>200%
Income taxes	**-9.2**	**-6.2**	**+3.0**	**+32%**
Net income	35.2	22.4	-12.8	-36%
Net income - adjusted	**38.2**	**29.5**	**-8.7**	**-23%**

Depreciation, amortization, and impairments* (CZK +0.8 bn)

- Lower depreciation and amortization (CZK +0.2 bn), lower additions to fixed asset impairments and lower goodwill write-offs (CZK +0.5 bn) mostly due to lower y-o-y additions to fixed asset impairments in the Czech Republic

Other financial income/expenses (CZK -7.0 bn)

- Positive effect of the sale of Chvaletice Power Plant in 2013 (CZK -2.9 bn)
- Extraordinary one-off impact of excluding CEZ Shpërndarje from the consolidated CEZ Group in January 2013 (CZK -1.8 bn)
- Revaluation of MOL shares partially compensated for by dividend received from MOL (CZK -1.4 bn)
- Lower production of hydro plants in Turkey due to extremely dry weather (CZK -0.4 bn)

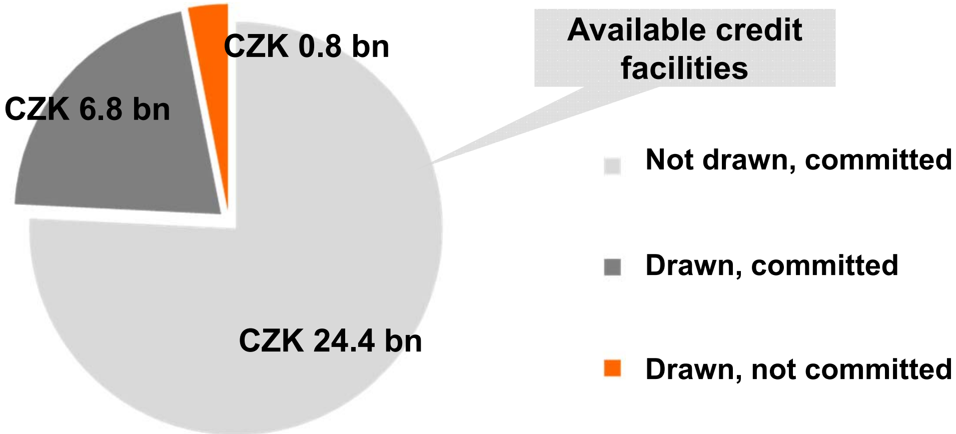
Net income adjustments

- *The 2013 net income is adjusted for the positive effects of the sale of the Chvaletice Power Plant (CZK -2.9 bn) and the exclusion of CEZ Shpërndarje from the consolidated group (CZK -1.8 bn) and the negative effect of additions to fixed asset impairments* (CZK +7.7 bn)*
- *The 2014 net income is adjusted for the effect of fixed asset impairments and goodwill write-offs (CZK +7.0 bn)*

* Including goodwill write-offs, profit/loss on sales of fixed assets and write-off of abandoned investments

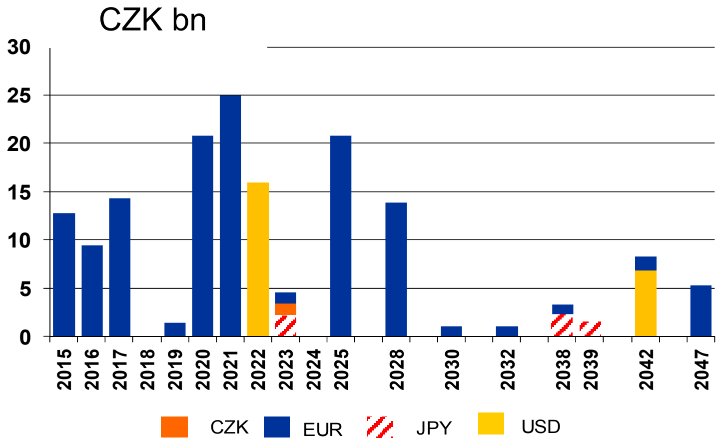
CEZ GROUP MAINTAINS A STRONG LIQUIDITY POSITION

Utilization of short-term Lines (as of Dec 31, 2014)



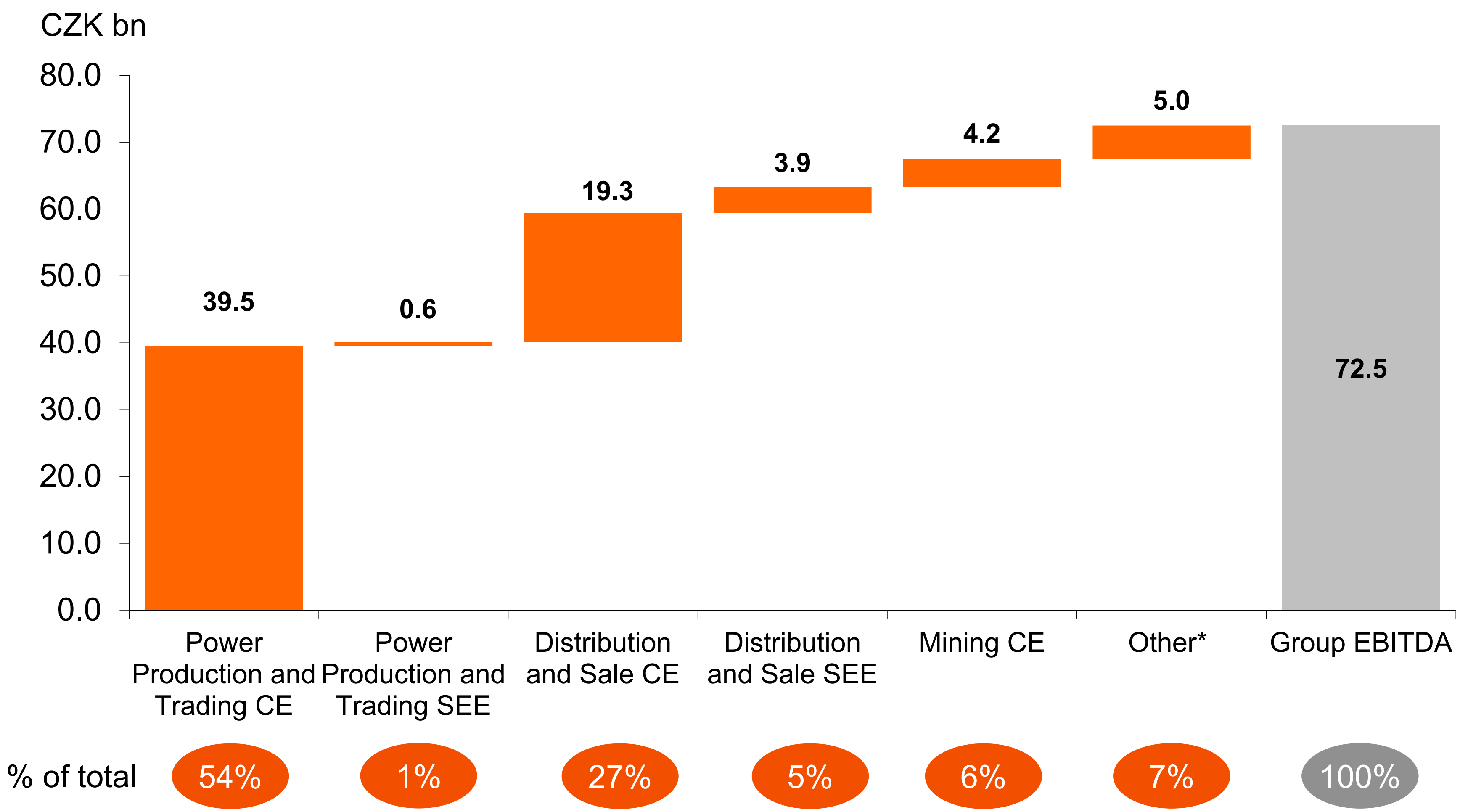
- CEZ Group has access to CZK 31.2 bn in committed credit facilities, using just CZK 6.8 bn as of Dec 31, 2014.
- Committed facilities are kept as a reserve for covering unexpected needs.
- Increased utilisation of committed credit facilities by CZK 5.5 bn in Q4 reflects successful use of an arbitrage opportunity in Czech financial market.

Bond Maturity Profile (as of Dec 31, 2014)



- Net Debt/EBITDA was 2.03 as of Dec 31, 2014.
- The average maturity of CEZ Group's financial debts still exceeds 8 years.
- In November 2014, a subscription commitment of EUR 80 million was signed with another foreign bank under a domestic bond program.

SEGMENTAL CONTRIBUTIONS TO EBITDA IN 2014



*including eliminations

SELECTED HISTORICAL FINANCIALS OF CEZ GROUP

CZK

Profit and loss *CZK bn*	2009	2010	2011	2012	2013	2014
Revenues	196.4	198.8	209.8	215.1	217.0	200.7
Sales of electricity	173.5	175.3	181.8	186.8	189.4	173.8
Heat sales and other revenues	22.9	23.6	28.0	28.3	27.6	26.8
Operating Expenses	105.3	110.0	122.4	129.3	135.0	128.2
Purchased power and related services	48.2	54.4	65.9	71.7	79.0	76.0
Fuel	15.8	16.9	17.1	15.8	13.8	12.7
Salaries and wages	18.1	18.7	18.1	18.7	18.7	18.9
Other	23.3	20.0	21.3	23.1	23.5	20.6
EBITDA	**91.0**	**88.8**	**87.4**	**85.8**	**82.0**	**72.5**
EBITDA margin	*46%*	*45%*	*42%*	*40%*	*38%*	*36%*
Depreciation, amortization, impairments	26.2	26.9	26.2	28.9	36.4	35.7
EBIT	**64.9**	**62.0**	**61.3**	**57.1**	**45.7**	**36.9**
EBIT margin	*33%*	*31%*	*29%*	*27%*	*21%*	*18%*
Net Income	**51.9**	**46.9**	**40.8**	**40.2**	**35.2**	**22.4**
Net income margin	*26%*	*24%*	*19%*	*19%*	*16%*	*11%*

Balance sheet *CZK bn*	2009	2010	2011	2012	2013	2014
Non current assets	415.0	448.3	467.3	494.9	485.9	497.5
Current assets	115.3	96.1	131.0	141.2	154.5	130.4
- out of that cash and cash equivalents	26.7	22.2	22.1	18.0	25.0	20.1
Total Assets	**530.3**	**544.4**	**598.3**	**636.1**	**640.4**	**627.9**
Shareholders equity (excl. minority. int.)	200.4	221.4	226.8	250.2	258.1	361.3
Return on equity	*28%*	*22%*	*18%*	*17%*	*14%*	*7%*
Interest bearing debt	173.1	158.5	182.0	192.9	199.0	184.1
Other liabilities	156.8	164.4	189.4	192.9	183.3	82.4
Total liabilities	**530.3**	**544.4**	**598.3**	**636.1**	**640.4**	**627.9**

SELECTED HISTORICAL FINANCIALS OF CEZ GROUP

EUR

Profit and loss	EUR m	2009	2010	2011	2012	2013	2014
Revenues		7,082	7,172	7,566	7,758	7,826	7,237
Sales of electricity		6,258	6,322	6,557	6,737	6,830	6,269
Heat sales and other revenues		824	850	1,009	1,021	997	968
Operating Expenses		3,800	3,969	4,415	4,663	4,869	4,623
Purchased power and related services		1,737	1,960	2,376	2,585	2,850	2,741
Fuel		570	611	618	571	498	458
Salaries and wages		653	675	653	675	674	680
Other		839	723	768	832	846	744
EBITDA		**3,282**	**3,203**	**3,151**	**3,095**	**2,957**	**2,615**
EBITDA margin		*46%*	*45%*	*42%*	*40%*	*38%*	*36%*
Depreciaiton		944	971	947	1,042	1,312	1,289
EBIT		**2,342**	**2,235**	**2,209**	**2,059**	**1,648**	**1,333**
EBIT margin		*33%*	*31%*	*29%*	*27%*	*21%*	*18%*
Net Income		**1,870**	**1,693**	**1,470**	**1,448**	**1,270**	**809**
Net income margin		*26%*	*24%*	*19%*	*19%*	*16%*	*11%*

Balance sheet	EUR m	2009	2010	2011	2012	2013	2014
Non current assets		14,967	16,169	16,855	17,850	17,527	17,945
Current assets		4,159	3,466	4,725	5,092	5,571	4,702
- out of that cash and cash equivalents		964	799	796	648	902	725
Total Assets		**19,126**	**19,635**	**21,580**	**22,942**	**23,098**	**22,646**
Shareholders equity (excl. minority. int.)		7,227	7,987	8,181	9,026	9,308	13,032
Return on equity		*28%*	*22%*	*18%*	*17%*	*14%*	*7%*
Interest bearing debt		6,243	5,717	6,565	6,959	7,178	6,641
Other liabilities		5,656	5,931	6,833	6,957	6,611	2,973
Total liabilities		**19,126**	**19,635**	**21,580**	**22,942**	**23,098**	**22,646**

Exchange rate used:
27.725 CZK/EUR