

CEZ GROUP 2008 RESULTS

AUDITED CONSOLIDATED RESULTS (IFRS)

Prague, March 3rd, 2009



AGENDA

- **Financial highlights and key events of 2008**
Martin Roman, CEO
- **Financial Results**
Martin Novák, CFO
- **Trading position of CEZ Group**
Michal Skalka, Director of Trading

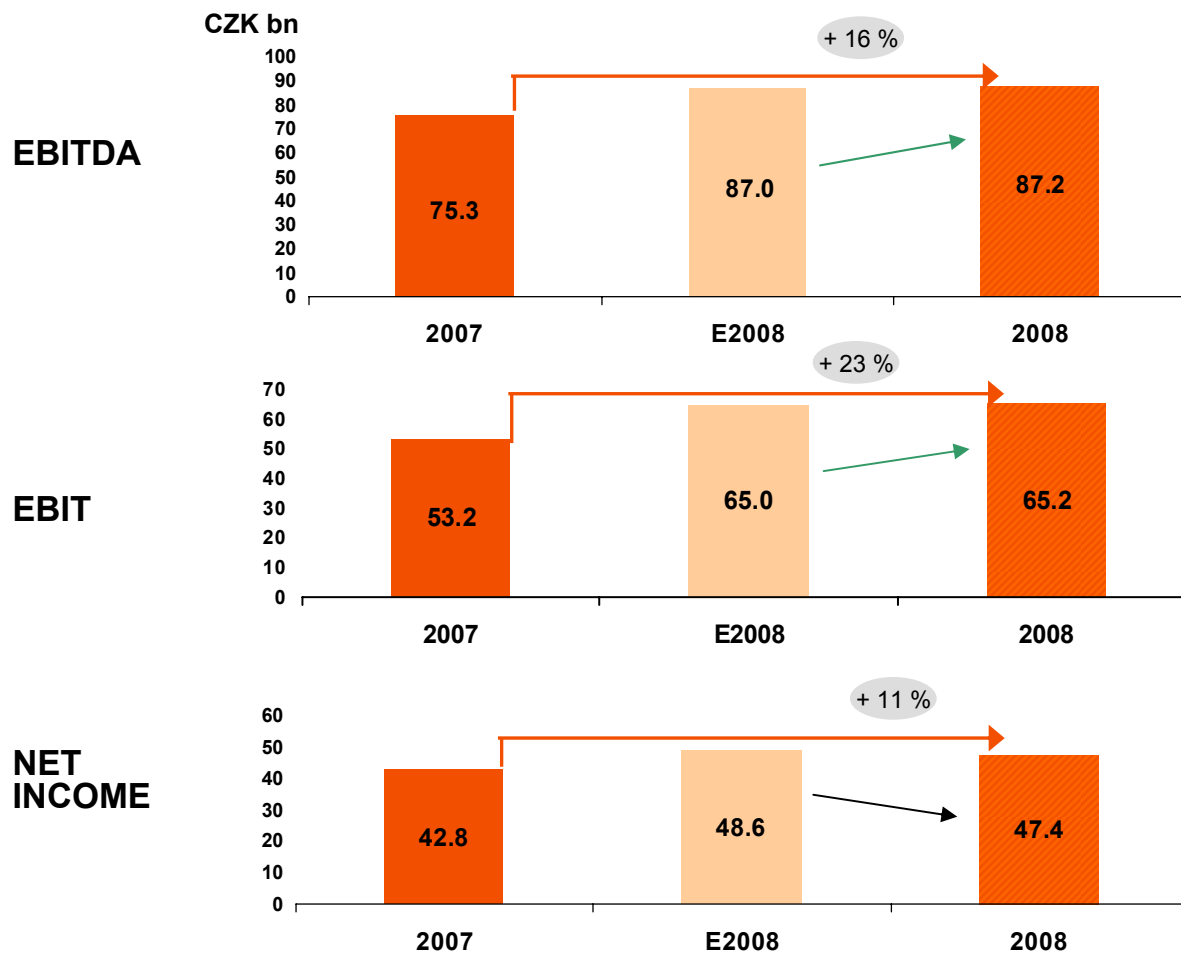


MAIN RESULTS FOR 2008 AND GUIDANCE FOR 2009

- **EBITDA** increased by 16 % y-o-y (by CZK 11.9 bn) to CZK 87.2 bn
- **EBIT** increased by 22 % y-o-y (by CZK 12.0 bn) to CZK 65.2 bn
- **Net income** increased by 11 % y-o-y (by CZK 4.6 bn) to CZK 47.4 bn
- **ROE** increased from 22.7 % to 27.0 %
- **Share price at BCPP and GPW reached CZK 670.80** as of February 27th, 2009
- **CEZ expects 2009 EBITDA** to reach CZK 90.3 bn (increase of 8 % compared to 2008), **net income is expected** to reach CZK 50.2 bn (increase of 6 % compared to 2008)



EXPECTED RESULTS AT OPERATING PROFIT LEVEL WERE REACHED IN SPITE OF FINANCIAL CRISIS



Positive measures...

- Optimization of repairs and maintenance, reduction of other operating costs
- Successful trading strategy of electricity sales and successful commodity trading, eliminated by decrease in wholesale prices at the end of 2008
- Slight growth of generation volume in nuclear power plants of CEZ Group

...compensate negatives impacts at operating profit level,

- Extended shutdown of Temelin's first unit in Q4 2008
- Negative impact of strengthening of CZK in 2008 (but from greater part eliminated by successful hedging strategy)

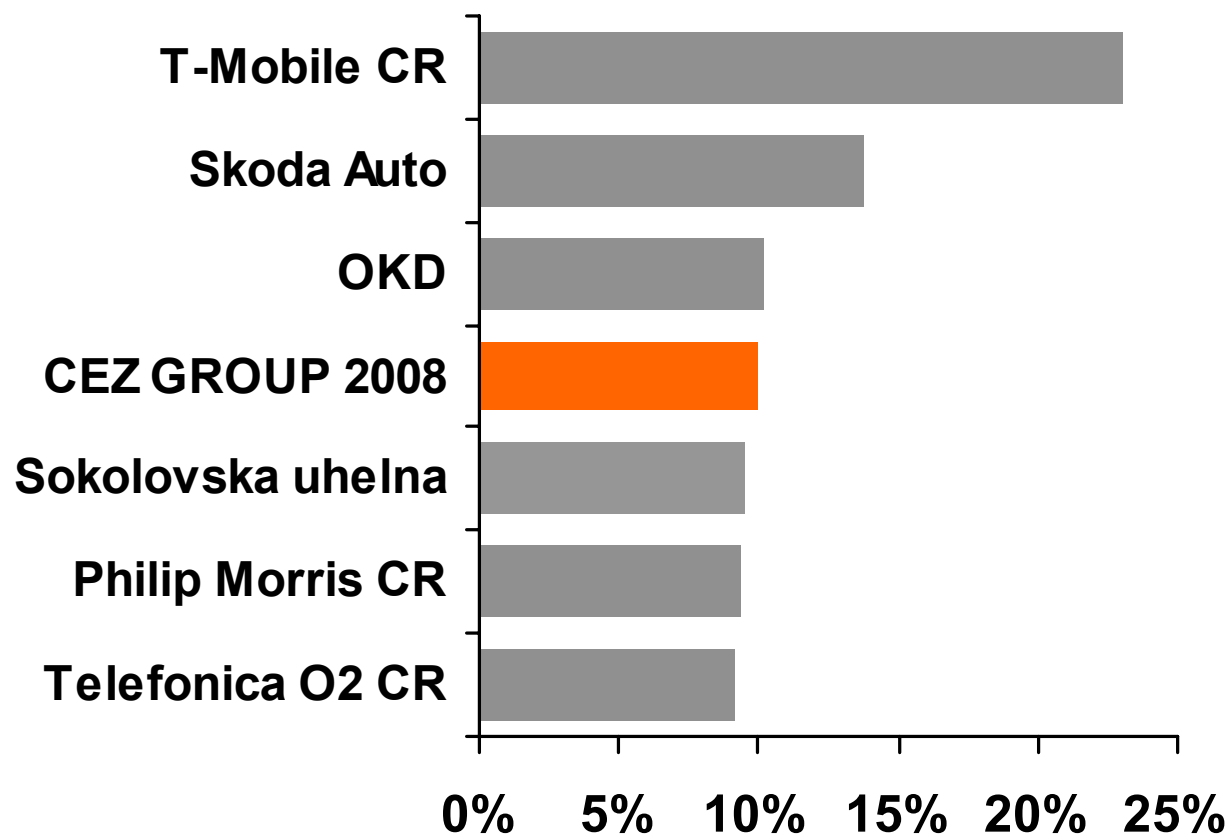
...but net income is influenced by

- Application of new IFRS rules (one-off depreciation of reclamations)
- Conservative valuation of MOL shares purchase and receivable for MOL
- Net income in 2007 was boosted by change of income tax rate used for calculation of deferred tax liability (influence of approximately CZK + 3 bn)



NET INCOME OF CEZ GROUP IS ADEQUATE TO INVESTMENTS OF THE CZECH REPUBLIC AND OTHER SHAREHOLDERS INTO THE COMPANY

Net income as % of assets (2007)





STRATEGIC PILLAR – EFEKTIVITA PROGRAM, FOCUSED ON IMPROVEMENT OF OUR INNER EFFICIENCY, BRINGS FIRST RESULTS

- Results for 2008:
 - Slim organisation structure of the head office
 - Decrease of indirect costs at the head office
 - New ICT provider (Merger of ČEZnet and ČEZData)
 - Implementation of 3-month deduction in Bulgaria
 - Center of shared services in Poland
 - Higher efficiency and shortening of outage in EDU

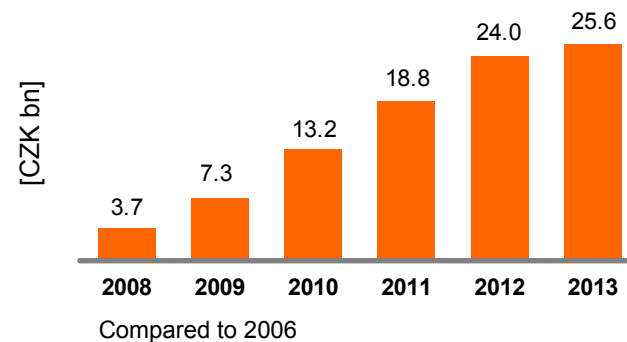
**Contribution of Program to EBITDA in 2008
CZK 3.7 bn**

Focusing on Efektivita program:

- More effective operation and investments
- Focusing on core activities
- Better production parameters

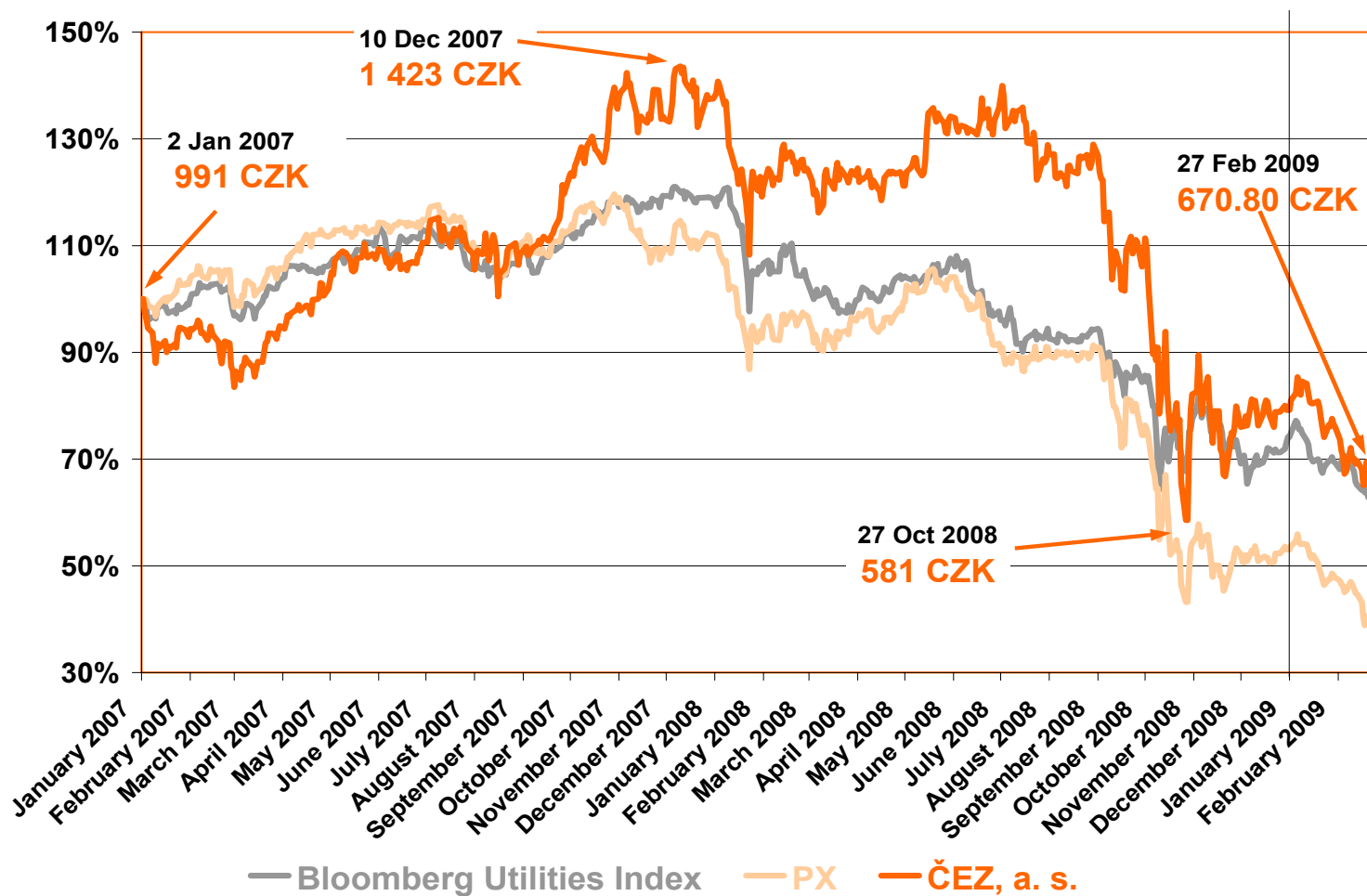
Contributions of Efektivita Program

Increase in EBITDA





SHARES OF ČEZ, A. S., CLOSED AT CZK 670.80 ON FEBRUARY 27th, 2009





IN 2008 CEZ GROUP MADE SO FAR THE MOST SIGNIFICANT PROGRESS IN ITS FOREIGN EXPANSION

Most important projects of CEZ Group initiated in 2008

- Construction of new nuclear power plant in Jaslovské Bohunice in Slovakia
- Construction of the largest wind park in Europe - Fântânele and Cogeaalac in Romania (600 MW)
- Entrance to Turkish market – victory in a tender for Turkish distribution company SEDAŞ and agreement on partnership Turkish group Akkök (entrance into Akenerji)
- Projects of joint venture with MOL continue in accordance with the plan
- Project of construction of gas power plant in Galați in Romania and others (e.g. continuation of negotiations on construction of two additional units in Cernavodă nuclear power plant, minority stakes in Skawina or Albanian distribution)

In 2009, we will consolidate our positions and we will focus (but not only) on growth in countries where we already own assets

- We will continue with careful selection of only those projects that bring value for our investors
- We are focusing on Central and Southeastern European countries, especially on those where we are present
- We stop monitoring regions adjacent to our target territory where we did not have ambitions to become important player on the market (Russia, Ukraine)





WE HAVE JUST FINISHED TAKEOVER OF TURKISH DISTRIBUTION

- CEZ Group finished takeover of Turkish distribution company SEDAŞ on February 11th, 2009
- Together with Turkish partner – Akkök group, CEZ will deliver electricity for 1.3 million customers
- The company Sedaş distributes electricity in region including city Sakarya, Bolu, Düzce a Kocaeli situated in industrial heart of Turkey
- Half, thus USD 300 million of total price for the transaction (USD 600 m), has been transferred
- In accordance with conditions of the deal the rest of the price will be paid in two equal payments in two following years
- Consortium AkCez, which was picked as a winner in a tender for SEDAŞ, is 50 % owned by CEZ, the second half is divided between Akkök and Akenerji (5 % resp. 45 %)
- Closing of entrance of ČEZ, a. s., into Turkish company Akenerji (joint venture with Akkök group) is being awaited in the nearest weeks



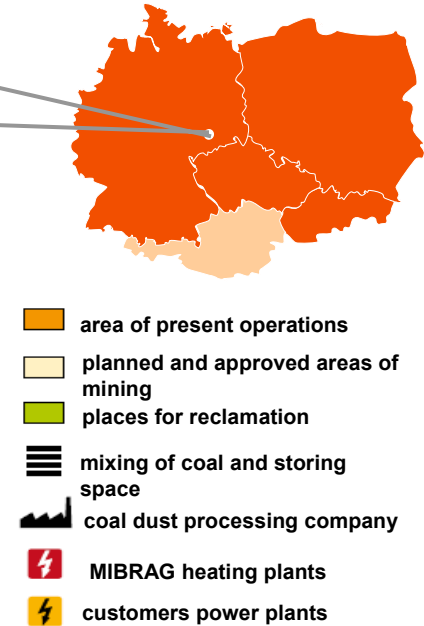
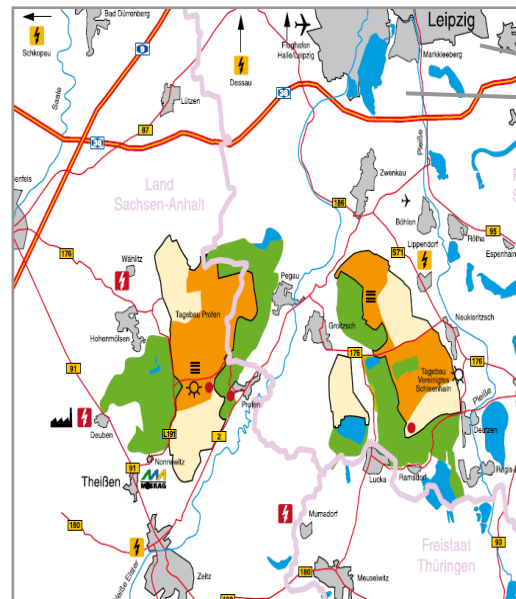
Key facts - SEDAŞ

Electricity sales (TWh)	8
Number of customers (m)	1.3
Share of industry customers (%)	50



THE NEWEST ACQUISITION SIGNIFICANTLY WIDENS ACTIVITY ON GERMAN MARKET

- CEZ Group in consortium with J&T won in a tender for 100% stake in German brown coal mining company MIBRAG and on February 25th, 2009 the agreement was signed to acquire 100% stake from two U.S. companies, URS Corporation and NRG Energy Inc.
- MIBRAG will be owned by a joint venture company where Severočeské doly Chomutov and J&T Group will hold equal stake
- Settlement of the transaction is expected after approval by European commission during Q2 of 2009
- MIBRAG owns and operates two opencast brown coal pits (Profen and United Schleenhain)
- Annual production - 19 million tons
- Owns and operates 3 coal power plants/heating plants (85MW, 86MW and 37MW)
- Runs coal dust processing factory
- MIBRAG has coal reserves more than half of present reserves in the Czech Republic with significant expansion option



Key facts - MIBRAG

Annual production of electricity (TWh)	1.4
Annual delivery of heat (TJ)	2,000
Annual coal mining (Mt)	19
Coal reserves (Mt)	530



INFORMATION ON SHARE BUYBACK AND THEIR FOLLOW-UP ERASURE

- **4/07 – 5/08** CEZ bought 58.13 million own shares (i.e. **9.816 %** of total amount) on Prague and Warsaw exchanges.
- **5/08** – General meeting of ČEZ, a. s., approved reduction of the registered capital by the form of erasure of **9.16 %** of own shares
- **12/2/2009** – registry court in Prague enlisted to Commercial Register decrease in the registered capital by the form of erasure of 54.22 million shares of ČEZ, a. s., with total nominal value CZK 5.422 bn
- **13/2/2009** – registered capital of CEZ amounts to almost CZK 53.8 bn
- **Current situation** – share of the state in CEZ increased from **63.01 %** to **69.78 %** including shares of Ministry of Labour and Social Affairs. On February 27th, 9.16 % of shares were erased at Czech Securities Register.
- **Outlook** – ČEZ, a. s., is prepared to continue with share buyback in line with decision of shareholder meeting when there is lack of interesting investment opportunities. Time of economic slowdown offers these opportunities, therefore we decided to postpone initiation of next share buyback

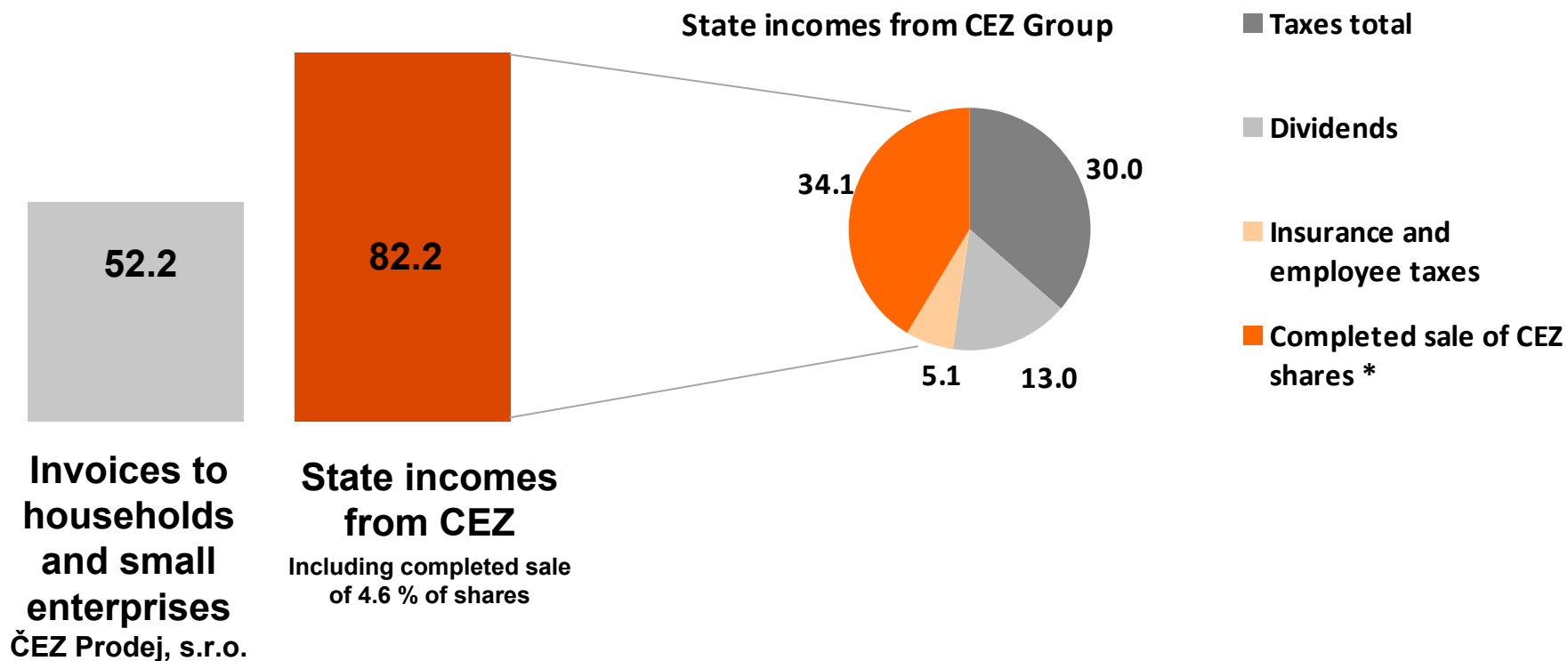


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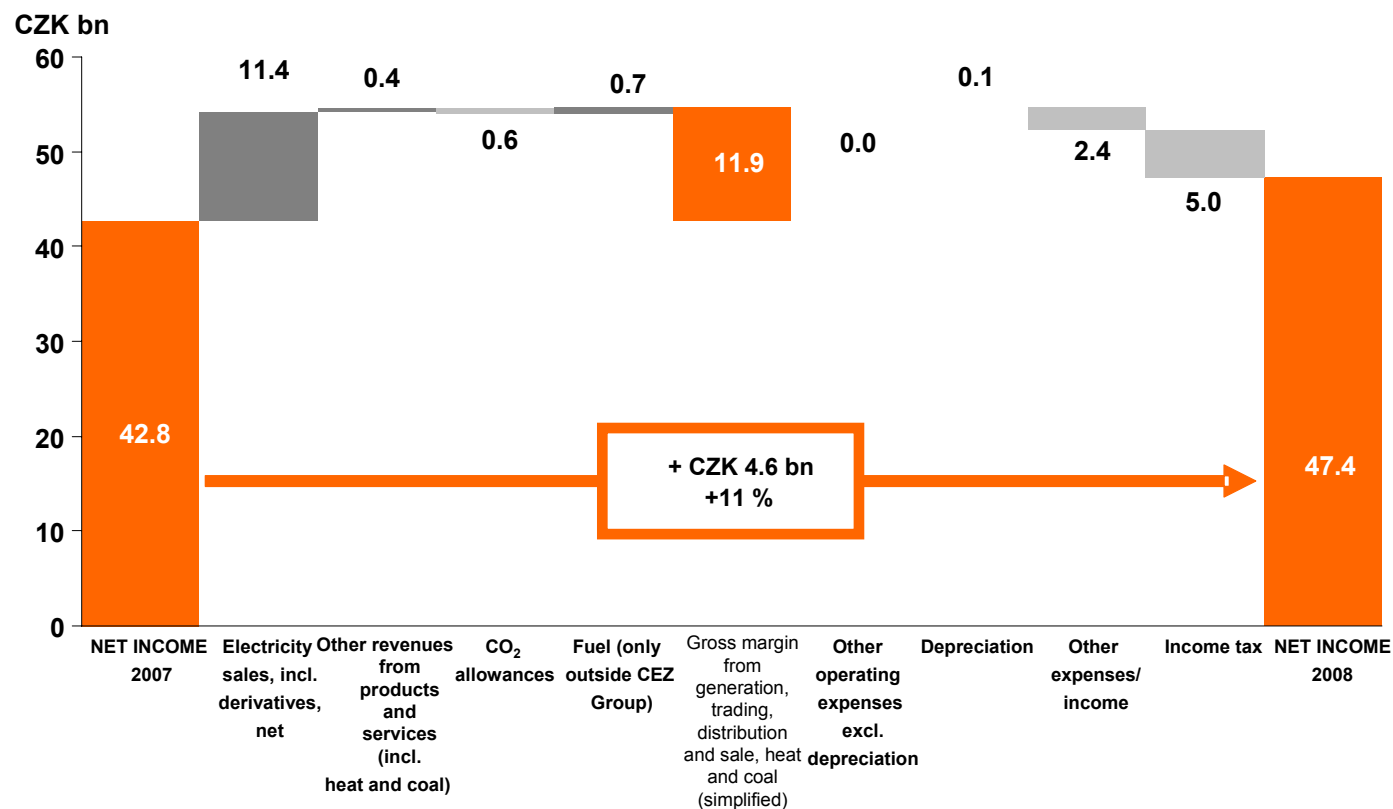
IN 2008 CEZ GROUP AGAIN SIGNIFICANTLY CONTRIBUTED TO THE ECONOMY IN THE CZECH REPUBLIC



* Source: ČTK



NET INCOME INCREASED BY CZK 4.6 BN Y-O-Y – I.E. BY 11 %



Key drivers

- Successful strategy of selling generated electricity and successful commodity trading with y-o-y growth of wholesale electricity prices
- Breakdown of unit 1 of Temelín nuclear power plant in Q4 2008
- Fuel costs savings owing to emission ceilings
- Optimization of repair and maintenance costs and other operating costs savings
- Loss from MOL shares option revaluation
- Net income in 2007 was boosted by change of income tax rate used for calculation of deferred tax liability



GROSS MARGIN FROM GENERATION, TRADING, SUPPLY AND ELECTRICITY DISTRIBUTION INCREASED BY 11 % TO CZK 124.3 BN Y-O-Y

(in CZK millions)	2007	2008	Change 08-07	Index 08/07
Operating revenues	174,563	181,638	7,075	104%
Variable operating costs	-62,153	-57,339	4,814	92%
Electricity sales and services	160,046	165,317	} 11,334	110%
Electricity derivative trading, netto	2,690	4,095		
Purchased power and related services	-46,328	-41,670		
Heat sales and other revenues	11,827	12,226	399	103%
Fuel	-16,883	-16,176	707	96%
CO2 allowances	1,058	507	-551	48%
Gross margin (simplified)	112,410	124,299	11,889	111%

Key changes

- Successful trading strategy of electricity sales and wholesale electricity prices increase positively influenced margin from electricity trading
- Increase in electricity distributed to final customers by 0.8 TWh (+ 2 %), increase in distribution tariffs
- Decrease in fuel costs for coal power plants owing to emission ceilings
- Y-o-y decrease in sales of emission allowances is caused by transfer to another allocation period and also by trading of allowances via commodity exchanges, which has an impact to the financial part of income statement and where the y-o-y increase is about CZK 1.5 bn



CEZ GROUP MANAGES TO KEEP ITS OPERATING COSTS UNDER CONTROL

(in CZK millions)	2007	2008	Change 08-07	Index 08/07
SUM of selected operating costs	-37,084	-37,089	-5	100%
Salaries and wages	-16,900	-16,956	-56	100%
Other selected operating costs	-20,184	-20,133	51	100%
Repairs and maintenance	-4,881	-5,597	-716	115%
Material and supplies	-6,066	-4,589	1,477	76%
Others	-9,237	-9,947	-710	108%
EBITDA	75,326	87,209	11,883	116%
Depreciation and Amortization	-22,123	-22,047	76	100%

- Savings of operating costs were reached - anticipated inflation 3 – 5 %. Changes in items Repairs and maintenance, Material and supplies and Others are caused by conversion from individual purchases to combined deliveries of services and material.
- Two opposite factors in Depreciation: Decline owing to extension of service life of energy equipment of ČEZ Distribuce, a. s. since January 1st 2008 in accordance with valid ERU notice, on the other hand one-off accounting depreciation of technical reclamations in ČEZ, a. s., caused by accepting new IFRS rules



OTHER EXPENSES AND INCOME INCREASED BY CZK 2.4 BN

(in CZK millions)	2007	2008	Change 08-07	Index 08/07
Other expenses and income	-2,052	-4,447	-2,395	217%
Interest on debt	-1,954	-3,103	-1,149	159%
Interest income	1,163	1,842	679	158%
FX profit / loss and financial derivatives others	-570	1,462	2,032	x
Financial derivatives MOL	0	-5,458	-5,458	x
CO2 allowances derivatives	7	1,491	1,484	> 500%
Gain/Loss on sale of subsidiary/associate	129	333	204	258%
Income from associates	40	12	-28	30%
Interest on nuclear and other provisions	-1,937	-2,056	-119	106%
Others	1,070	1,030	-40	96%
Profit before taxes	51,151	60,716	9,565	119%
Income tax	-8,387	-13,365	-4,978	159%
Net Income	42,764	47,351	4,587	111%

- Increase in interest expense caused by higher average indebtedness, which is a result of higher financial investments in CEZ Group and optimization of capital structure (mainly through share buyback).
- Successful FX hedging showed in significant y-o-y increase in FX losses/gains balance and other financial derivatives by CZK 2.0 bn. Positive impacts were eliminated by decrease in valuation of shares of Hungarian company MOL by CZK 5.5 bn.
- Y-o-y increase in CO₂ allowances derivatives reflects successful trading strategy including effects from JI/CDM program, which is environmental program stemming from Kyoto protocol the goal of which is emission decrease
- Y-o-y growth on Gain on sales of subsidiaries is caused by sale of I & C Energo a.s.
- Others are partly influenced by FX hedging realized by purchase and sale of securities



DEVELOPMENT IN Q4 2008

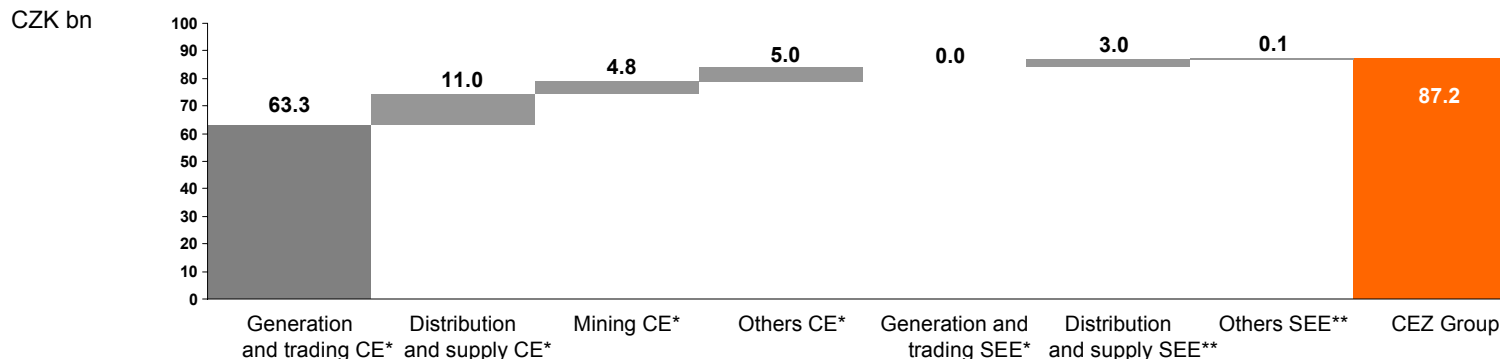
(in CZK millions)	10 - 12 / 2007	10 - 12 / 2008	Change 08-07	Index 08/07
Operating revenues	51,067	49,817	-1,250	98%
Variable operating costs	-17,131	-18,817	-1,686	110%
Gross margin (simplified)	33,936	31,000	-2,936	91%
SUM of selected operating costs	-13,746	-12,609	1,138	92%
Salaries and wages	-5,958	-5,451	507	91%
Other selected operating costs	-7,789	-7,158	632	92%
Repairs and maintenance	-1,756	-2,557	-801	146%
Material and supplies	-1,614	-1,253	361	78%
Others	-4,419	-3,347	1,072	76%
EBITDA	20,190	18,391	-1,798	91%
Depreciation and Amortization	-5,925	-6,429	-504	108%
Other expenses and income	-1,658	-3,800	-2,142	229%
Profit before taxes	12,606	8,163	-4,443	65%
Income tax	473	-2,279	-2,752	x
Net Income	13,079	5,884	-7,195	45%

- Gross margin (simplified) decreased by CZK 2.9 bn y-o-y. Key driver is outage of Temelín power station in Q4 2008 and accounting of extraordinary change in valuation and rectification of volume of un-invoiced electricity in Q4 2007
- Personnel costs in CEZ Group are in Q4 lower by CZK 507 bn mainly owing to sale of I & C Energo, s.r.o. and continuous influence of "Efficiency program".
- Reached savings of operating costs. Changes of items Repairs and maintenance, Material and Others are caused by conversion from individual purchase to complex deliveries of services and material. Decline in Others is caused mainly by sale of I & C Energo, s.r.o.
- Y-o-y decline of balance of Other gains and losses is caused by decrease in share price of Hungarian MOL by CZK 5.5 bn.



SEGMENTAL CONTRIBUTIONS TO EBITDA

Contribution to EBITDA for 2008



Index 2008/ 2007

124 % 102 % 101 % 116 % 3 % 75 % N/A 116 %

Index Q4 08/ Q4 07

100 % 72 % 126 % 160 % - 45 % N/A 91 %

- **Generation and trading CE***: Increase in EBITDA by 23.9 % y-o-y is a result of higher wholesale electricity prices in the Czech Republic, successful strategy of selling electricity from own generation and by more favorable mix of generation portfolio. Total production in CE declined to 64.0 TWh (-8.7 %).
- **Distribution and supply CE***: EBITDA increased by 1.5 % thanks to increase in volume of electricity distributed to end customers by 0.9 TWh (+2.5 %) and by increase of volume of sales to end customers outside CEZ Group by 0.3 TWh (+1.1 %). Y-o-y comparison for Q4 was negatively influenced by extraordinary rectification of volume and methodology of valuation of un-invoiced electricity in Q4 2007 by CZK 0.5 bn, creation of extraordinary provisions to receivables with companies in bankruptcy amounting to CZK 304 m and by decline in volumes of industrial customers from high voltage grid due to economic slowdown.
- **Mining CE***: EBITDA of Severočeské doly increased by 1.1 % due to increase of external customer revenues.
- **Other CE***: Full year EBITDA increased by 16.2 % (CZK 0.7 bn) and Q4 EBITDA even by 60.3 % (CZK 0,3 CZK). Growth was caused mainly by savings of fixed operating costs in supporting companies (ČEZ ICT Services, a.s.) and increase in engineering services for area of generation fleet renewal (Škoda Praha Invest, s.r.o.)
- **Generation and trading SEE***: Varna power plant generated 3.6 TWh (-3.3 % y-o-y). Rising prices of coal have negative influence because they are not fully reflected in electricity prices due to specifics of Bulgarian regulatory environment. Results are also influenced by limitations on exports.
- **Distribution and supply SEE****: EBITDA showed decline by 25.1 %, of which almost half is CZK 0,5 bn loss from strengthening CZK against foreign currencies. Companies in Bulgaria and Romania distributed 17.0 TWh of electricity to end customers, decrease of 0.1 TWh (-0.2 %) y-o-y. Sales to end customers reached 12.1 TWh (of which 11.8 TWh outside CEZ Group), i.e. by 0.1 TWh more y-o-y (+1 %). Creation of adjustments and provisions amounting to RON 126 m (approximately CZK 700 m), mainly to receivables with Romanian state railway and creation of provisions against assets. Q4 is negatively influenced by 5% decrease in volume of distributed electricity.

* CE = segment Central Europe (Czech Republic, Slovakia, Poland, Hungary, Netherlands, Germany)

* SEE = segment South-eastern Europe (Turkey, Bulgaria, Romania, Kosovo, Serbia, Russia, Bosnia and Herzegovina, Ukraine)

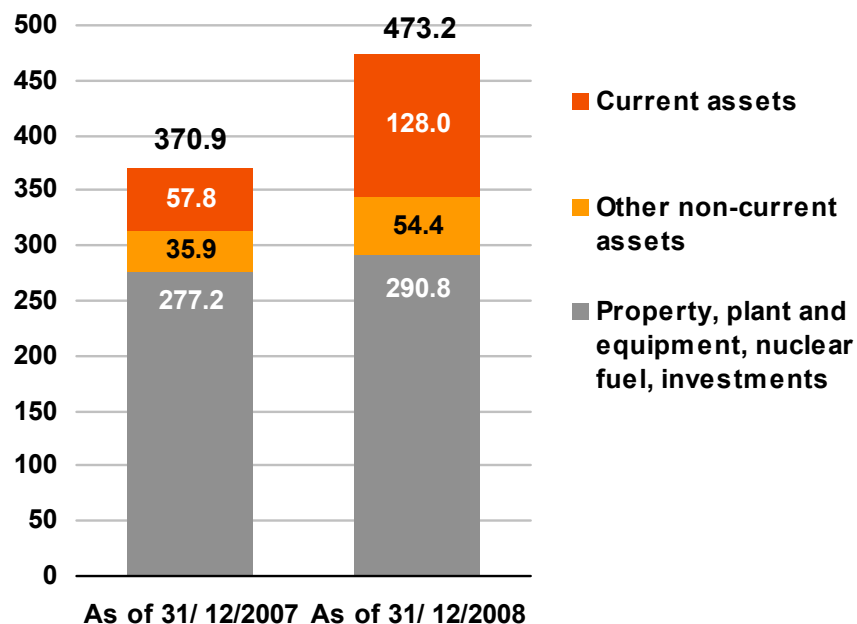


BALANCE SHEET OVERVIEW

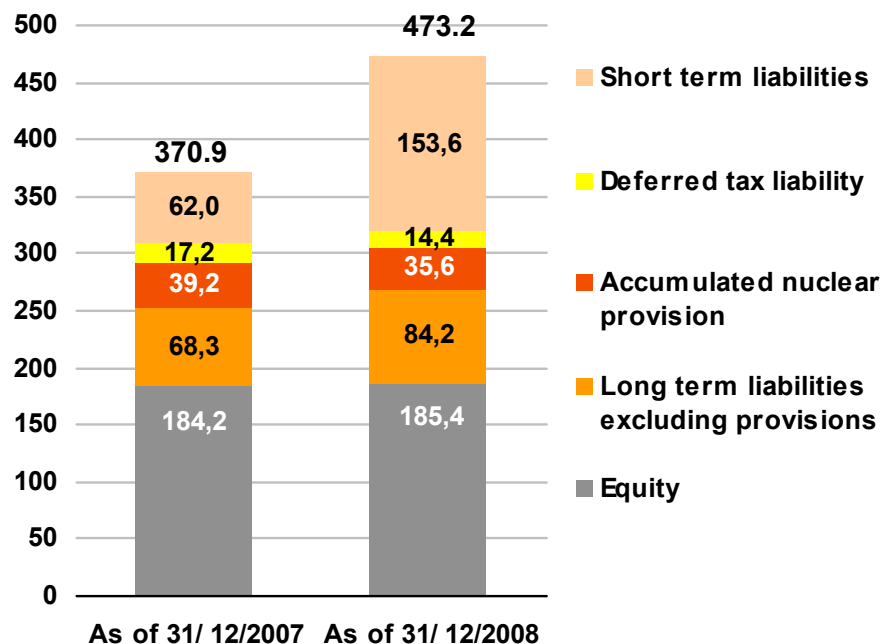
Working capital

- Increase of current assets (by CZK 70.2 bn) and short term liabilities (by CZK 91.6 bn) is mainly result of an increased volume of trades with derivatives and repo operations on the basis CO₂ allowances, which are accounted into both assets and equity
- Liabilities are influenced by drawing of short term loan connected to financing of transaction with MOL shares, assets are influenced by a purchase of short term commercial papers owing to depositing part of the money until the settlement of acquisition of Sedaş at the beginning of 2009

ASSETS CZK bn



EQUITY AND LIABILITIES CZK bn



Non-current assets

- Increase of other non-current assets (CZK18.5 bn) is mainly caused by financial investment into MOL
- Growth of long term fixed assets (CZK 13.7 bn) is connected to investment to power plant renewal and into distribution network

Long term liabilities and equity

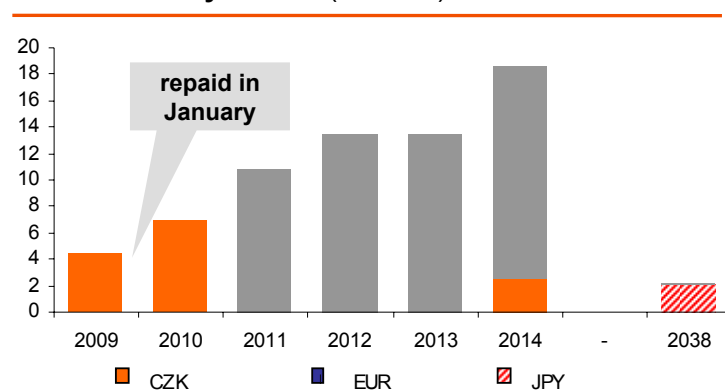
- Increase of equity (by CZK 1.2 bn) due to profit from current period, offset by share buyback, changes in fair values and FX translations
- Long term liabilities excluding nuclear provisions increased (by CZK 15.9 bn) mainly due to bond issuance
- Nuclear provisions declined by (CZK 3.6 bn) owing to revaluation of expenses for Dukovany nuclear power plant decommissioning and cash transfers to nuclear account



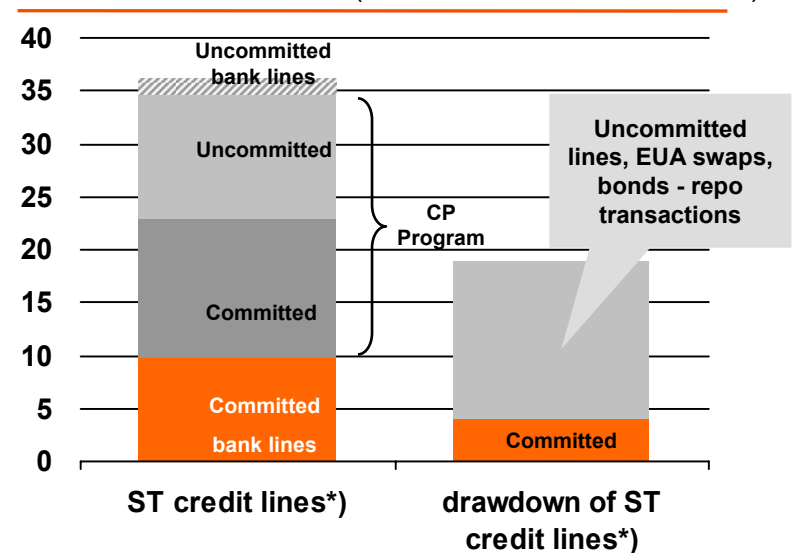
CEZ MAINTAINS STRONG LIQUIDITY POSITION, SUBSTANTIAL VOLUME OF COMMITTED LINES KEPT AS A BACK UP

- MOL loan successfully renewed for another year
- CZK 20 bn of undrawn committed facilities
- CZK 17 bn of cash on the balance sheet
- mainly uncommitted facilities being drawn
- following the financial crisis uncommitted part of our CP program used by corporates as an alternative to a bank deposit
- no problems with the drawdown of uncommitted facilities
- committed facilities kept as back-up facilities for unexpected financial needs

Bond Maturity Profile (CZK bn)



Credit lines drawdown (31st December 2008, CZK bn)

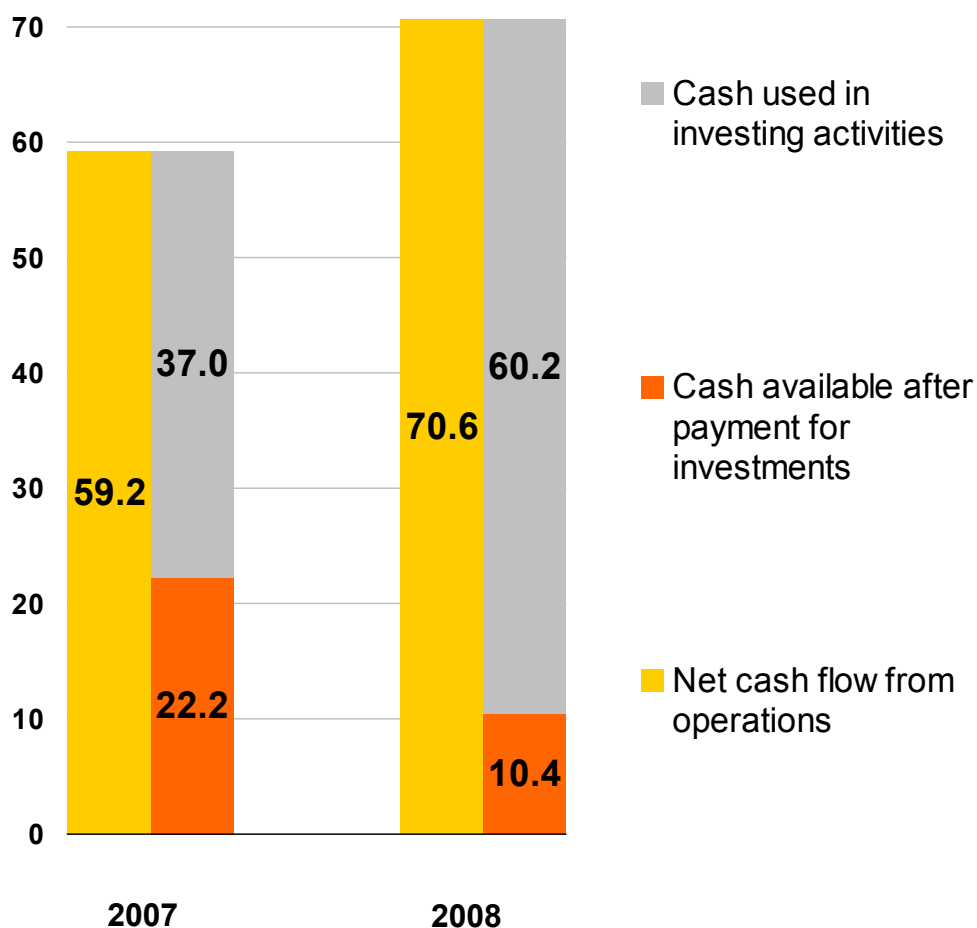


*) excluding „MOL Loan“



CASH FLOW – SELECTED ITEMS

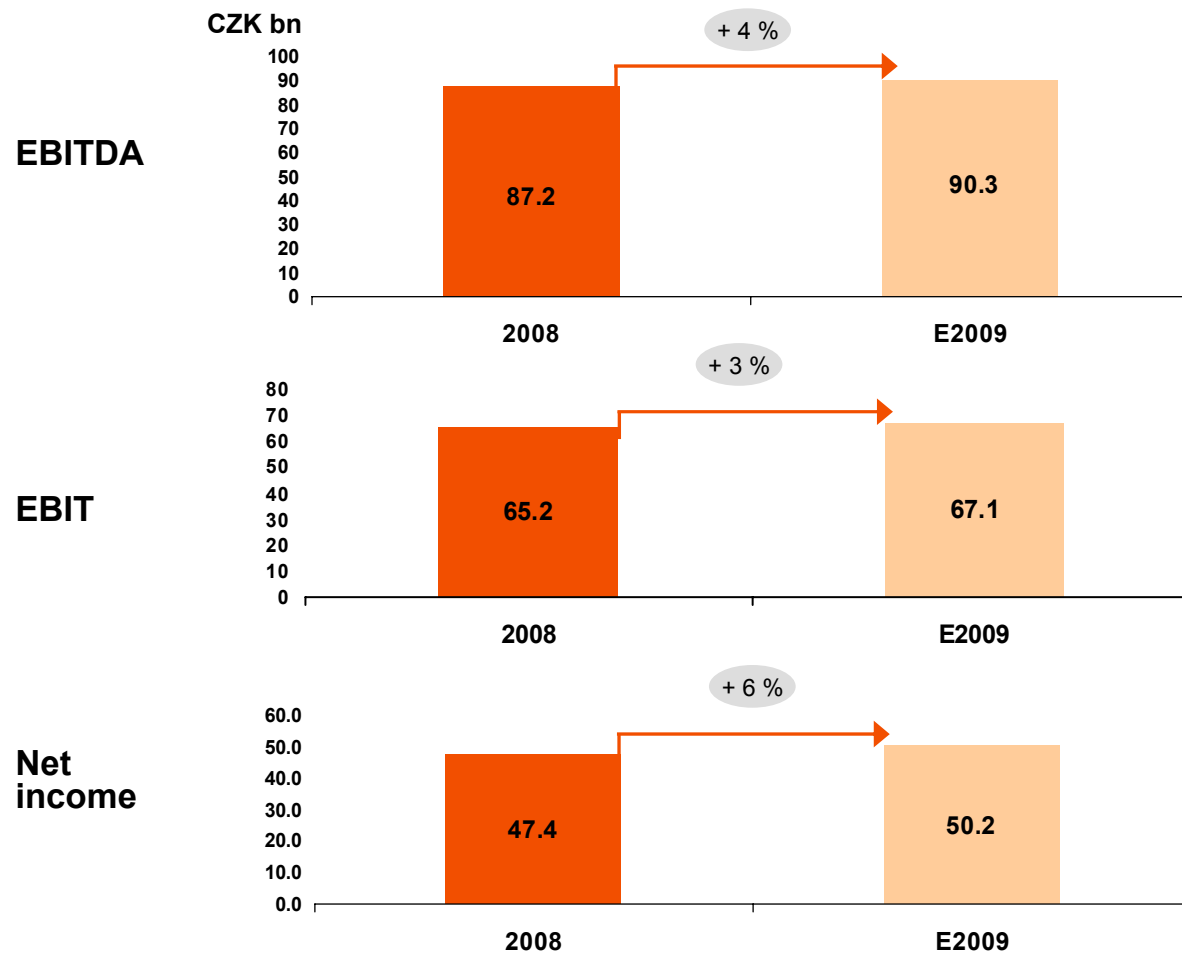
CZK bn



- In 2008 net cash flow from operations increased by CZK 11.4 bn, which is caused primarily by increase of profit before tax (by CZK 9.5 bn) and by arranging additional operations financing on the basis of repo loans on CO₂ allowances; on the contrary taxes paid increased by CZK 4.4 bn.
- Cash available is reduced by investments, which increased by CZK 23.1 bn mainly due to financial investments into MOL (CZK 15.3 bn) and higher investments into fixed assets (by CZK 12.1 bn)



GUIDANCE FOR 2009



Main positive factors:

- Increased generation in nuclear power plants according to targets set in initiatives "Safely 15 TERA ETE" and "Safely16 TERA EDU"
- Higher production in coal power plants driven by low CO₂ allowances prices
- Better regulatory conditions and financial results abroad

Main risks:

- Declining wholesale electricity prices (influencing only remaining open position)
- Decline in electricity demand in connection to economic downturn
- Worsening payment moral of CEZ group customers



AGENDA

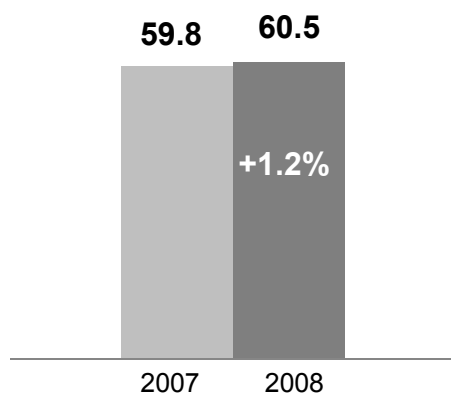
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ELECTRICITY DEMAND IN THE CZECH REPUBLIC AT THE END OF 2008 WAS ALREADY SIGNIFICANTLY INFLUENCED BY ECONOMIC RECESSION AND AS A RESULT ITS Y-O-Y GROWTH DECCELERATED TO 1.2 %

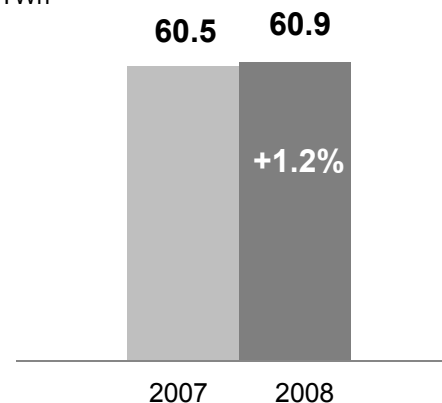
Demand in the Czech Republic

TWh



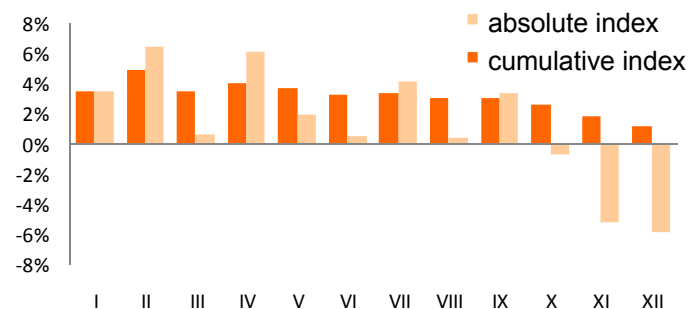
Demand in the Czech Republic (temperature adjusted)

TWh



- Electricity demand in Q4 2008 decreased by 4 % y-o-y, in December by almost 6 %
- Growth by segments in 2008:
 - +0.2 % industrial customers
 - +2.7 % households
 - +2.7 % small enterprises

Y-o-y monthly and cumulative indexes of demand in the Czech Republic

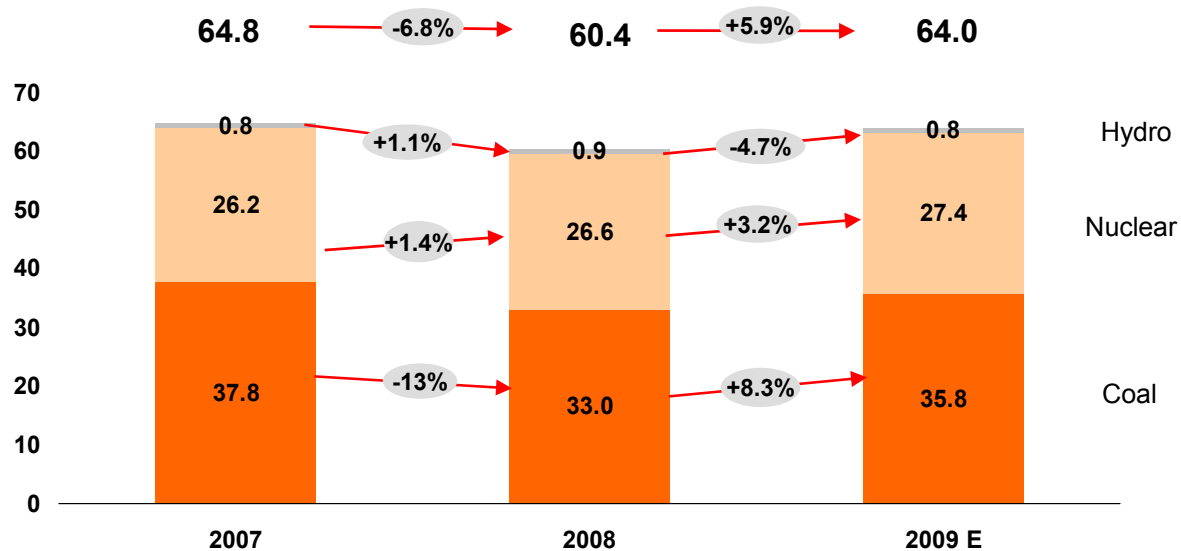




ELECTRICITY GENERATION OF ČEZ, A. S., DECREASED IN 2008, IN 2009 WE EXPECT 6% INCREASE

Electricity generation of ČEZ, a. s. (gross)

TWh



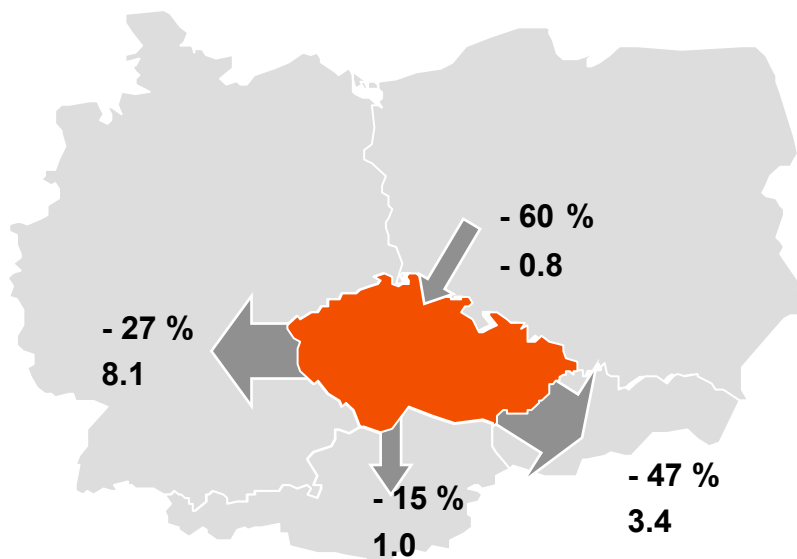
- Expected increase of production from nuclear and coal power plants in 2009 is enabled by low price of carbon allowances and by maximum use of emission ceilings
- Electricity generation in 2008 decreased by 4.4 TWh (-6.8 %) y-o-y
- Y-o-y decrease in generation in coal power plants by 13 % was caused by optimization connected to prices of CO₂ allowances and emission ceilings
- Nuclear power plants compensated this decline only marginally, production was influenced by extended shutdown of Temelín in Q4 2008



BALANCE OF CROSS-BORDER TRADES FROM THE CZECH REPUBLIC DECREASED

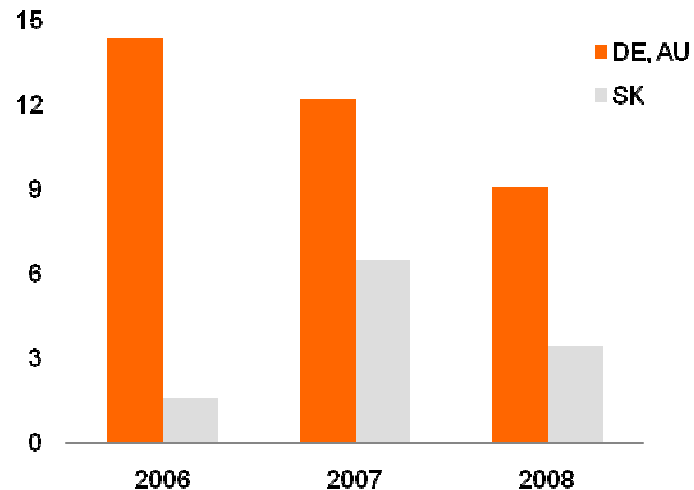
Balance of cross border trades of the Czech Republic in 2008 and y-o-y changes

(y-o-y change in %, balance in TWh)



Development of balance of cross border trades

TWh

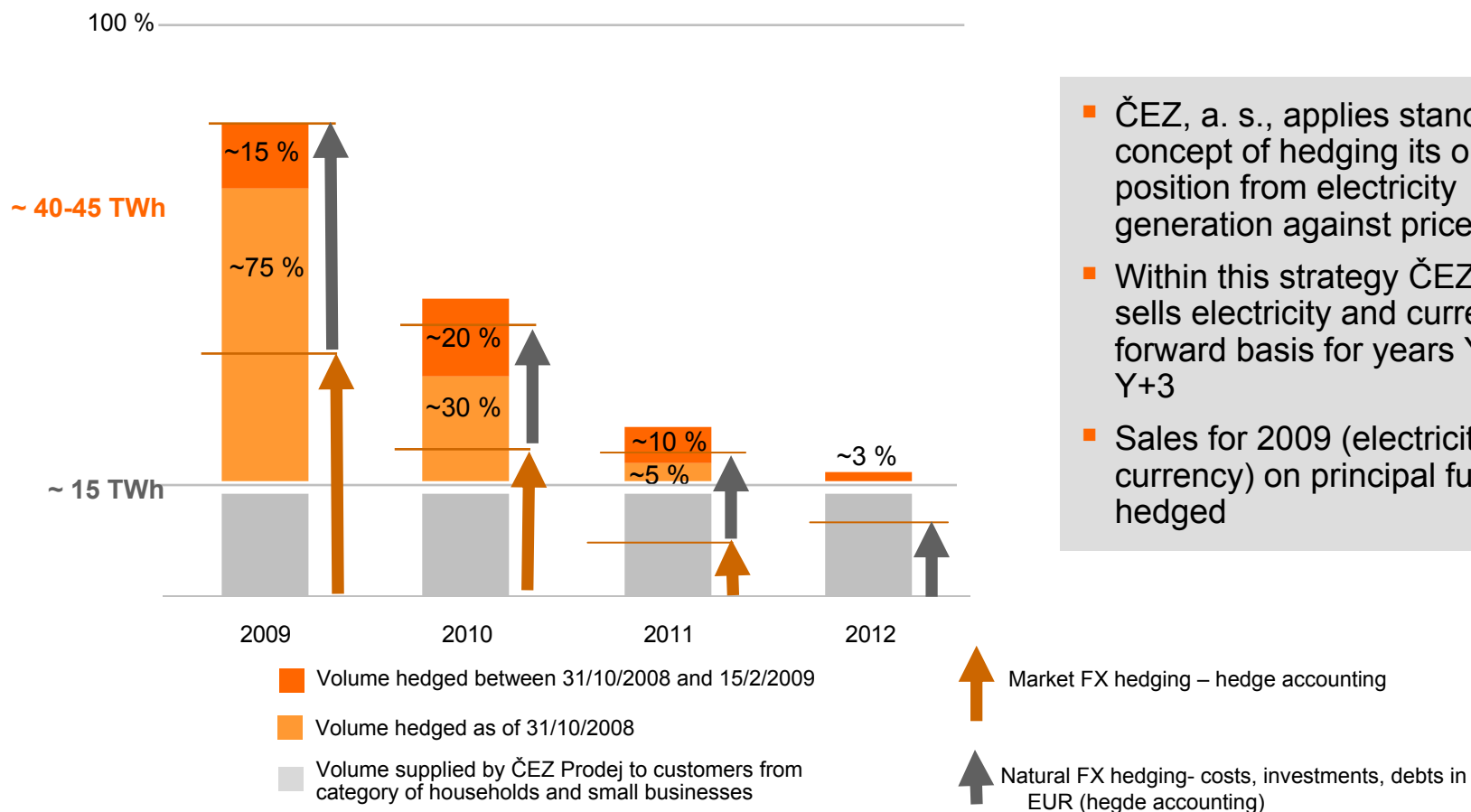


(TWh)	2006	2007	2008
DE, AU	14.3	12.2	9.1
SK	1.6	6.5	3.4
PL	-2.7	-2.1	-0.8
	13.2	16.6	11.7



ČEZ, A. S., SIGNIFICANTLY INCREASED SALES OF FORWARD POSITIONS AT THE END OF 2008 AS A RESULT OF DECLINING PRICES

Share of hedged generation from ČEZ, a. s. power plants

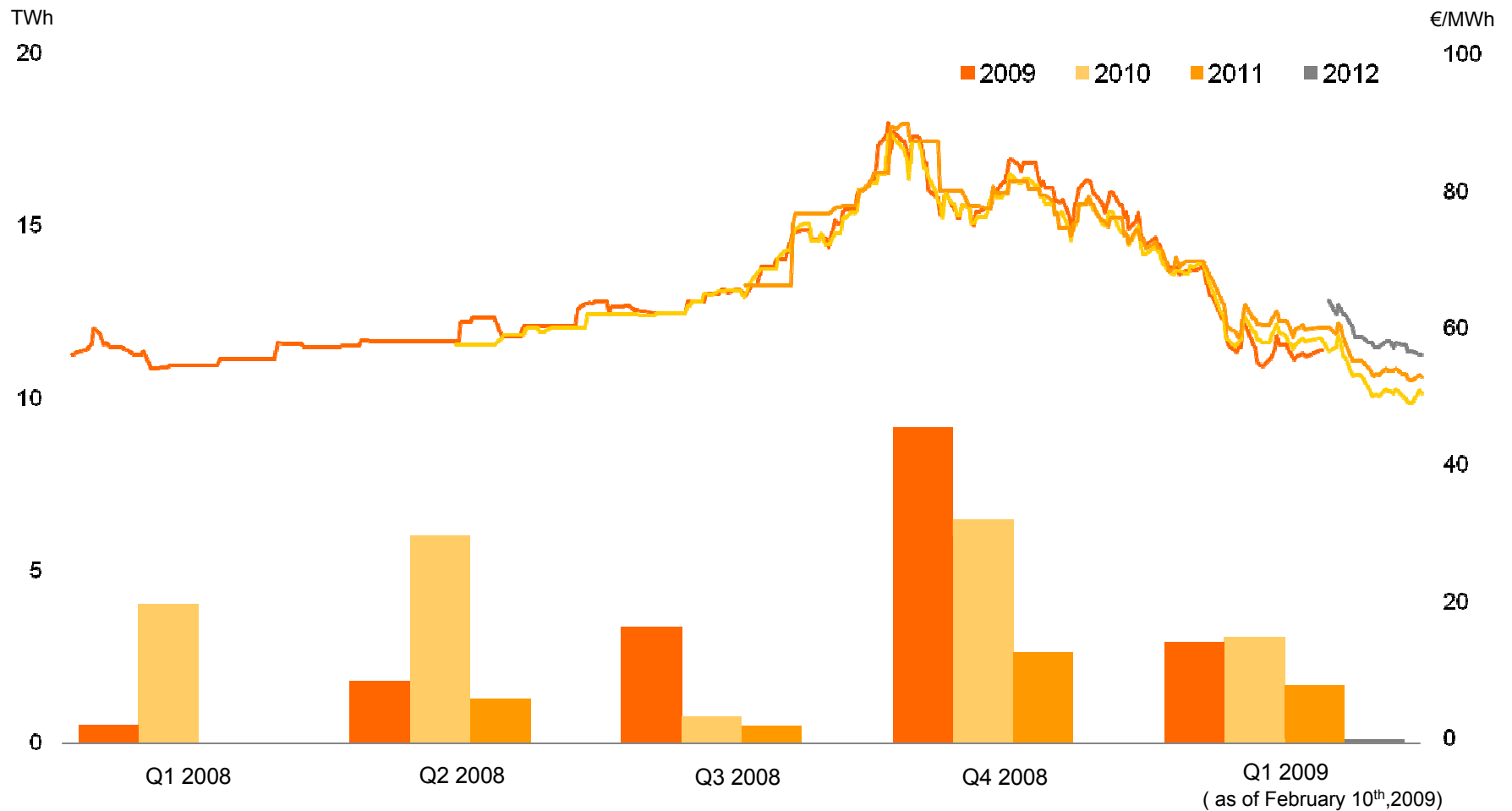


- ČEZ, a. s., applies standard concept of hedging its open position from electricity generation against price risks
- Within this strategy ČEZ, a. s., sells electricity and currency on forward basis for years Y+1 to Y+3
- Sales for 2009 (electricity and currency) on principal fully hedged



HISTORY OF EXECUTION OF ELECTRICITY HEDGING FOR THREE YEARS AHEAD

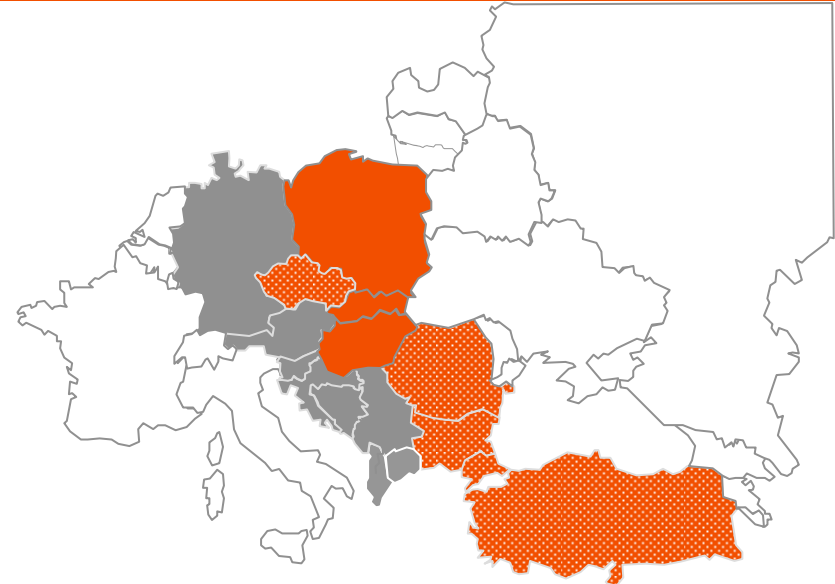
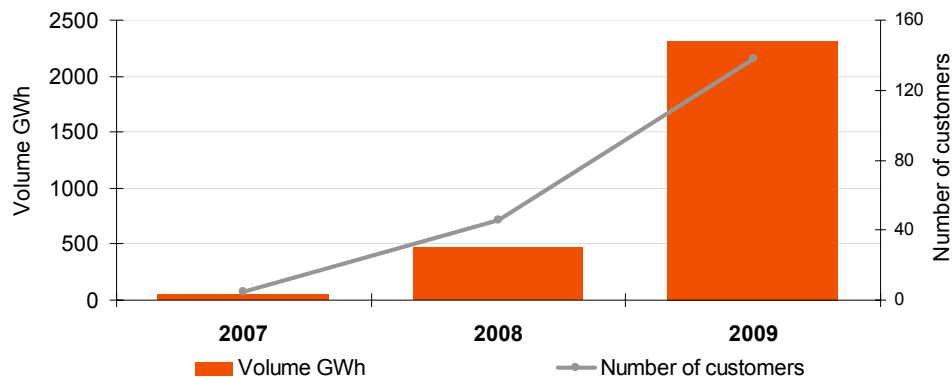
Realized volumes and development of market prices





INTERNATIONAL EXPANSION IN ELECTRICITY SUPPLY TO END CUSTOMERS

Results of sales campaigns in PL, SK, HU



- We are developing presence on new markets
- We focus on large, medium and small businesses
- We cover customers which are active in several countries

	Campaign 2008		Campaign 2009	
	Number of customers	Volume (GWh)	Number of customers	Volume (GWh)
Slovakia	45	471	114	986
Poland	0	0	5	587
Hungary	0	0	19	746