

## Internal Information

### ČEZ Group Raised This Year's Profit Estimates by CZK 500 Million

**The Net Profit of CZK 23.9 billion recorded by the ČEZ Group for the first six months of this year have already exceeded the profit generated by its much bigger rival, the German-based group of E.On (EUR 948 million, equivalent to some CZK 22.8 billion). Although the energy sector is still affected by the global crisis aftermath connected with low electricity prices, ČEZ has raised its expected 2011 profit level to CZK 40.6 billion.**

“Despite facing the ongoing consequences of the crisis, we are happy to see our results for the first half-year at levels better than our rivals from Western Europe, in particular the German market players whose performance was significantly affected by the sudden shutdown of the nuclear power plant capacities in their country. Not only have the improved results of ČEZ been reflected in its confirmed rating, with ČEZ enjoying a better rating from Moody's than RWE, but also in the price of its shares and market capitalization. Nevertheless, the energy sector still feels the consequences of the economic crisis, which has resulted in lower electricity prices. Since ČEZ sells its power mostly for one year and more ahead, the current higher price level will not improve the results much. Nonetheless, we have raised our estimate of this year's profit by CZK 0.5 billion to CZK 40.6 billion. Not in the least are we going to slacken in implementing our NEW VISION stabilization and consolidation program since only that way we will fully utilize all the opportunities that the existing and future situation in the electricity markets may bring,” says Martin Roman, Chairman of the Board of Directors and Chief Executive Officer of ČEZ.

Lower electricity prices are not the only factor that influences the ČEZ Group's financial performance this year. The results also reflect two newly introduced taxes: a donation tax on emission permits and a withholding tax on power generated by photovoltaic power plants. ČEZ also has to cope with the Czech crown appreciating toward the euro as most of its sales are in euro.

The impact of these factors was to some extent limited by the power generated by the wind power plants in Rumania, where the ČEZ Group operates a large complex of power plants that is still being completed. The electricity produced by the ČEZ Group's photovoltaic power plants also grew and compensates for the lower distribution tariffs of 2009; cost-cutting measures in the distribution business in Albania also helped. Another positive factor included the new distribution tariffs in Bulgaria, where the government has initiated a partial remedy of the local market distorted by regulation.

The electricity generated by the ČEZ Group's power plants in the Czech Republic reached nearly the identical level as in the first half of the previous year and reached 31.8 TWh (compared to 32 TWh the year before, a year-on-year change of -1%). For the entire year of 2011, we expect the total volume of generated power to reach 64.7 TWh, which is 2% more than in 2010. The currently higher electricity market price will lead to the expected 4% growth of electricity production at coal power plants, which generated 2% less electricity over the first half of the year though. The expected 2% year-on-year growth of production at nuclear power plants should in particular be attributed to shorter downtime periods and higher availability at the Dukovany Nuclear Power Plant.

The consumption of electricity in the Czech Republic in the first quarter of 2011, as estimated by ČEZ, marginally declined by 0.3%. After deducting the influence of temperature (this year had a bit more favorable temperatures than the same period of last year), there was a 1.2% growth.

**Table: The financial results of the ČEZ Group for the 1st half of 2011**

	(CZK billion)	YoY change %
Operating Revenue	103.6	+ 5%
EBITDA (or Operating Profit Before Depreciation)	43.9	- 6.9%
Profit After Tax	23.9	- 16.6%