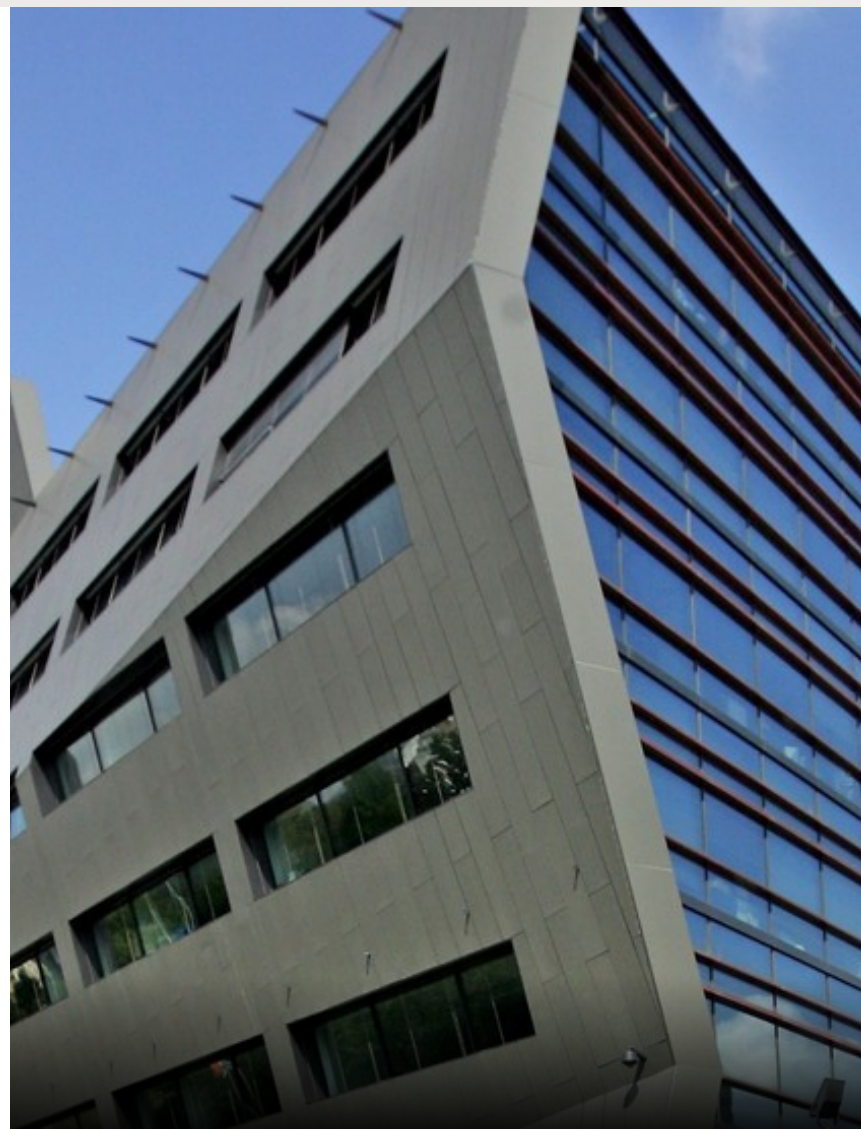


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17. 3. 2020

ECONOMICS AND FINANCIAL NEWS

THE ČEZ GROUP EARNED CZK 14.5 BILLION LAST YEAR, WHICH IS UP CZK 4 BILLION YEAR-ON-YEAR

The CEZ Group's earnings before interest, taxes, depreciation, and amortization (EBITDA) was CZK 60.2 billion, up 21% year-on-year. Net income increased by 38% to CZK 14.5 billion. The increase is mainly due to the rise in selling prices of the electricity generated in the Czech Republic thanks to the multi-year presales in the wholesale markets in Germany and also higher profit from commodities' trading, which at end of year contributed to the significantly higher than expected profit of the ČEZ Group. Net income adjusted for extraordinary effects was CZK 18.9 billion.



"The business results for 2019 fulfilled our expectations in the turn of the trend of previous years and substantially increased year-on-year. We were mainly successful in the area of commodities' trading. The trading result in 2019 was almost CZK 5 billion. In the previous year, we continued to implement measures in the area of internal efficiency. We terminated almost 350 working positions at head office and in the support processes and improved the efficiency of these activities with a permanent annual saving of more than CZK 600 million," said Daniel Beneš, the Chairman of the Board of Directors and Chief Executive Officer, who went on to say: "Despite the significant drop in wholesale prices on the stock exchanges in the last quarter, we assume further growth in profits in 2020. We expect a net profit of CZK 21 to 23 billion and earnings before interest, taxes, depreciation, and amortization (EBITDA) in the range of CZK 63 to 65 billion. We are thus benefiting from the strategy of electricity presales for a period of 3 years and we are successfully buffering the impact of inflation on fixed costs through internal measures".

In December, the European Commission set forth the, so-called, European Green Deal, which shall fundamentally impact the power engineering industry, particularly by increasing the decarbonization target from 40 % to 50 to 55 % by the year 2030. The ČEZ Group in compliance with the trends in the European power engineering industry already in June updated its business strategy and concept. Geographically, the development strategy is primarily focused on the domestic market, abroad it is focused mainly on the development of segment of modern power engineering services. Already in 2019, the ČEZ Group acquired new ESCO companies whose annual EBITDA exceeds CZK 0.6 billion.

In the area of traditional production, preparatory steps were taken to shut-down selected coal-fired sources and for fulfillment of new ecological limits after 2020. Even in the response to the Eu's abandonment of coal, ČEZ did not utilize the option to opt out of the sale of the Počerady coal-fired power plant. The future direction of ČEZ is illustrated by the fact that the average specific emission of CO₂ from the electricity generated by ČEZ Group sources declined by 20 % in the last three years. The value of 361 g CO₂/kWh achieved in 2019 nearly reached the level of new combined cycle sources.



year-on-year. In the zero-emission nuclear sources, a total of 30.2 TWh was generated in 2019, up 0.3 TWh year-on-year. In the Počerady combined cycle power plant, power generation more than doubled thanks to highly favorable market conditions and reached a record 3.7 TWh. The EBITDA was CZK 60.2 billion and was up 21 % year-on-year. Mainly thanks to further record trading profit, we more than compensated for the surprising decision of the court of appeal in the dispute with Správa železnic from 2010, on which basis ČEZ Prodej was compelled in 2019 to pay an amount of CZK 1.3 billion,"

said Martin Novák, Member of the Board of Directors and Finance Division Director.

Fixed asset investments increased by CZK 3.4 billion to a total of CZK 29.8 billion. The largest amount, CZK 10.9 billion, was invested in the distribution network in the Czech Republic, which we are intensively preparing for the requirements of the modern power engineering industry. Investments in traditional generating sources registered the highest increase year-on-year.

Electricity consumption in the distribution area of ČEZ Distribuce dropped by 0.3% year-on-year; in temperature- and calendar-adjusted figures, this is a growth of 0.1%. The drop was due to the abnormally warm end of 2019.

In connection with the current Corona virus pandemic, ČEZ has started implementing protective measures well ahead of time. Already at the end of February, the company management activates a special team, which is on running basis adopting measures to keep the company running and minimize impacts.

Ladislav Kříž , ČEZ spokesman

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