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

Investment story, May 2014

DISCLAIMER

Certain statements in the following presentation regarding CEZ's business operations may constitute "forward looking statements." Such forward-looking statements include, but are not limited to, those related to future earnings, growth and financial and operating performance. Forward-looking statements are not intended to be a guarantee of future results, but instead constitute CEZ's current expectations based on reasonable assumptions. Forecasted financial information is based on certain material assumptions. These assumptions include, but are not limited to continued normal levels of operating performance and electricity demand at our distribution companies and operational performance at our generation businesses consistent with historical levels, as well as achievements of planned productivity improvements and incremental growth from investments at investment levels and rates of return consistent with prior experience. Actual results could differ materially from those projected in our forward-looking statements due to risks, uncertainties and other factors. CEZ undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

In preparation of this document we used certain publicly available data. While the sources we used are generally regarded as reliable we did not verify their content. CEZ does not accept any responsibility for using any such information.

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

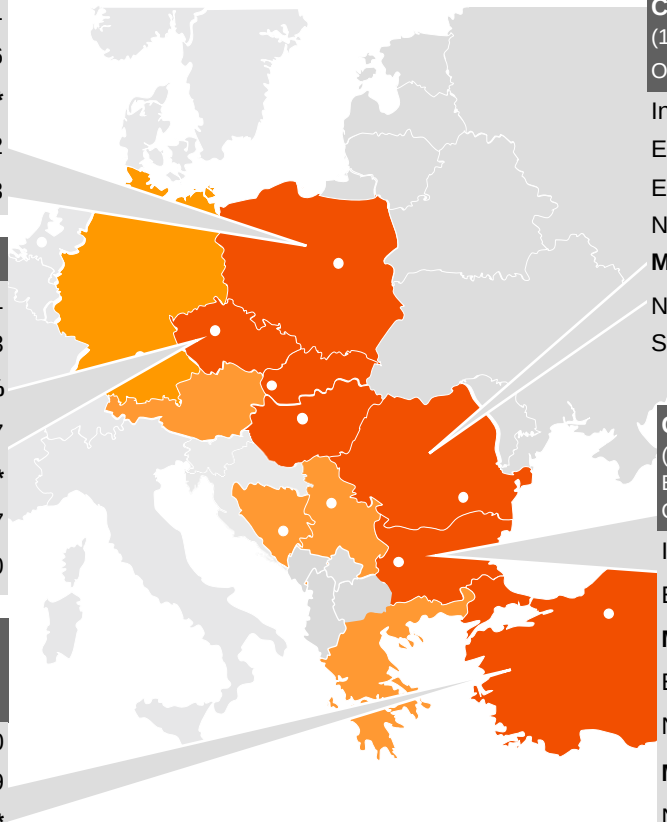
CEZ Group in Poland (100% stake in Skawina, 100% in Elcho)	
Installed capacity (MW)	681
Electricity generation, gross (TWh)	2.6
Generation market share	**1.4%***
Number of employees	322
Sales (EUR million)	153

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%***

Energy Assets O *Active subsidiary*

Trading Activities



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

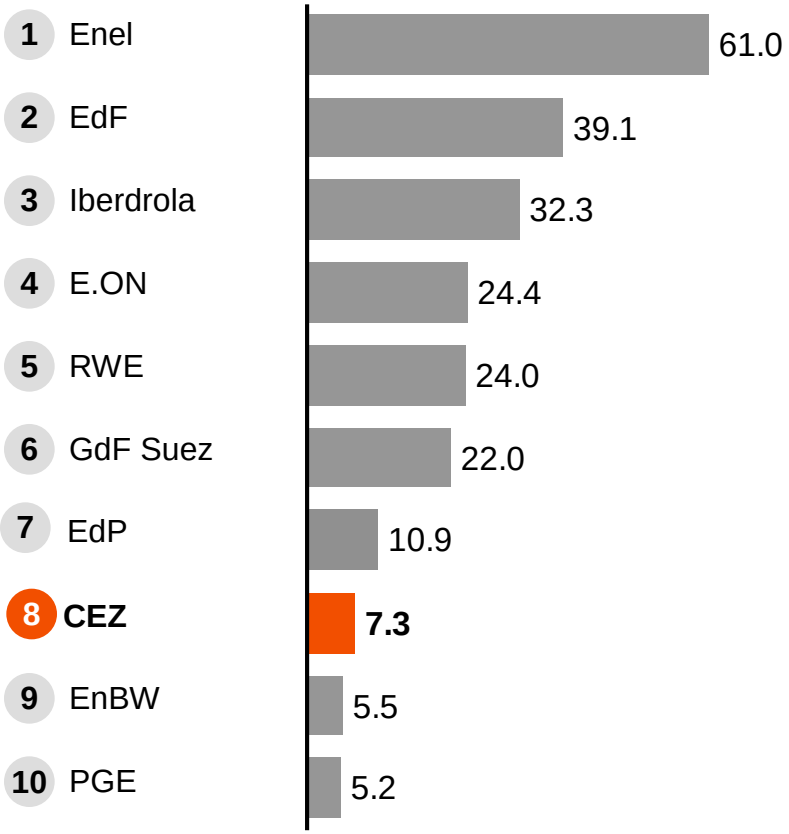
CEZ Group in Bulgaria (67% stake in CEZ Razpredelenie Bulgaria, CEZ Electro Bulgaria, 100% in TPP Varna, 100% in Free Energy Project Oreshets)	
Installed capacity (MW)	1,265
Electricity generation, gross (TWh)	0.6
Market share	**11.9%***
El. sales to end customers (TWh)	9.8
Number of connection points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

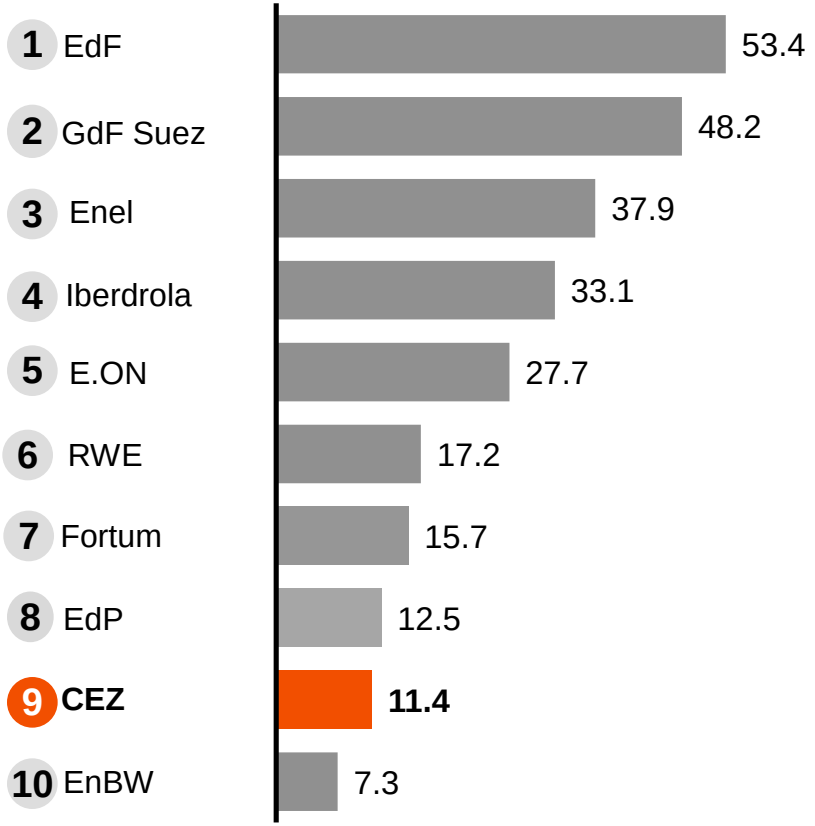
Top 10 European power utilities

Number of customers in 2013, in millions



Top 10 European power utilities

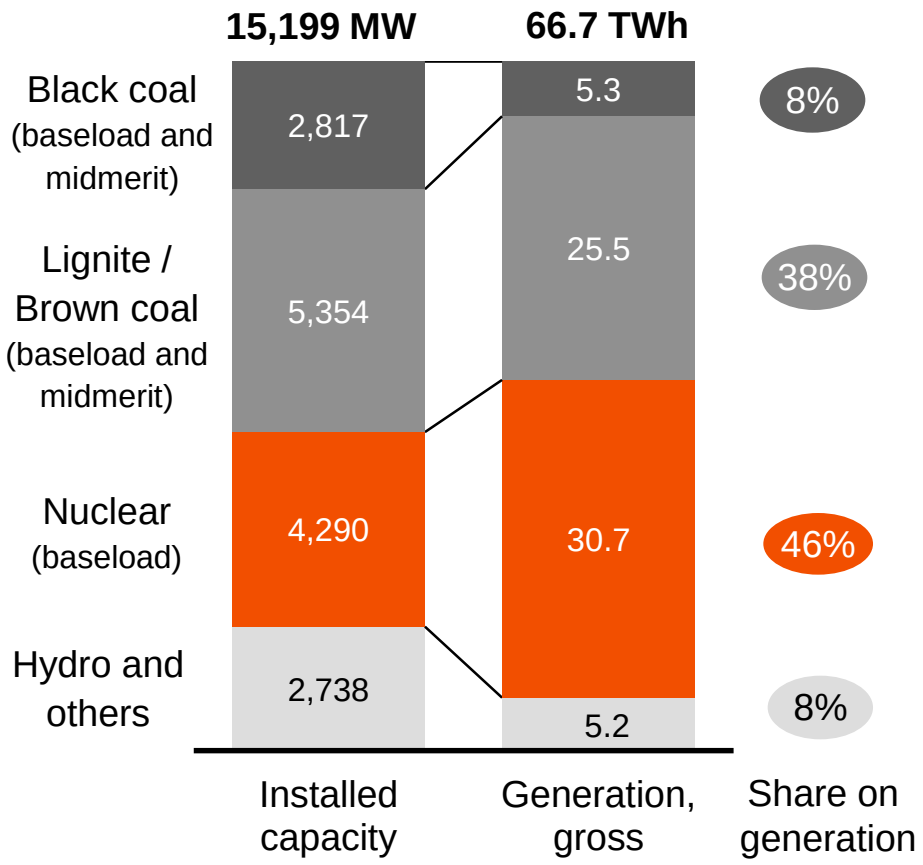
Market capitalization in EUR bn, as of May 20th, 2014



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

CEZ GROUP IS BENEFITING FROM LOW COST GENERATION FLEET

Installed capacity and generation (2013)

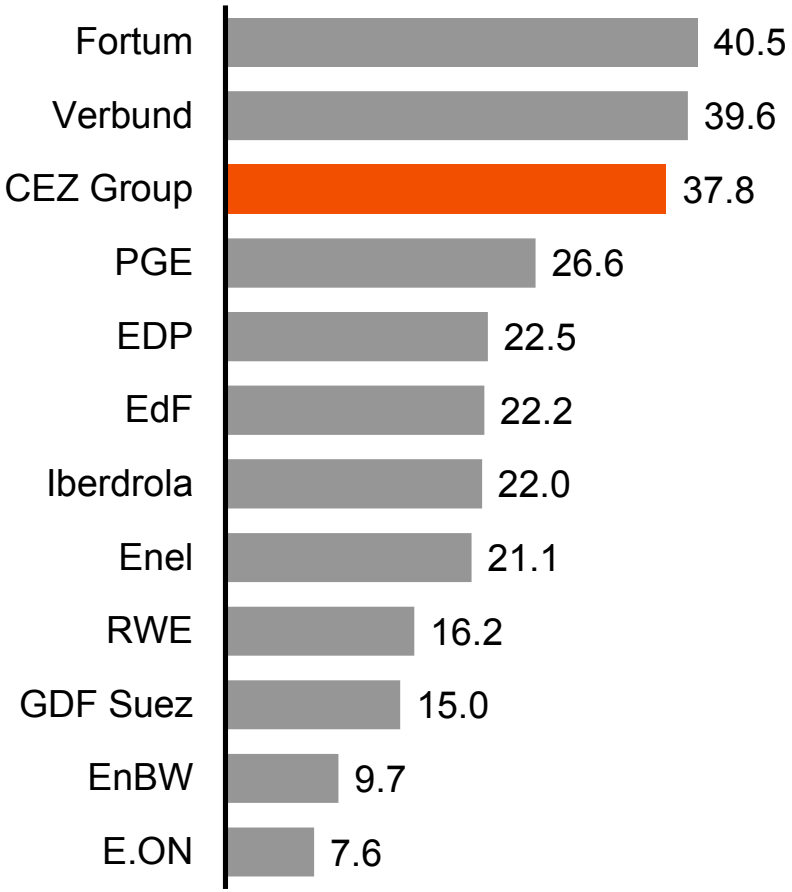


- **Coal power plants are using mostly lignite from CEZ's own mine** (73% of lignite needs sourced internally, remaining volume through long term supply contracts)
- **Nuclear plants have very low operational costs**

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, 2013
Percent



Source: company data, * EBITDA as reported by companies

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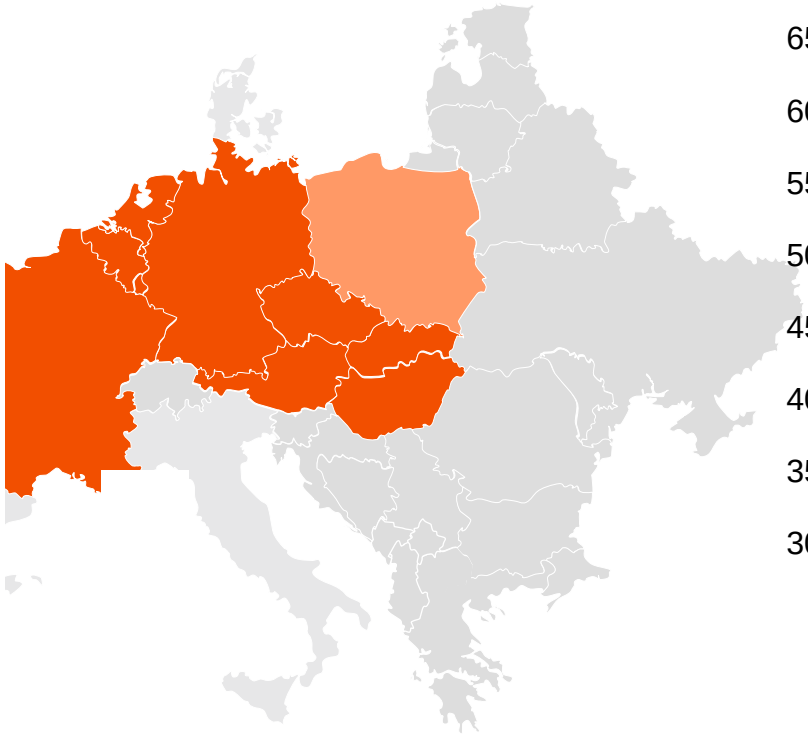
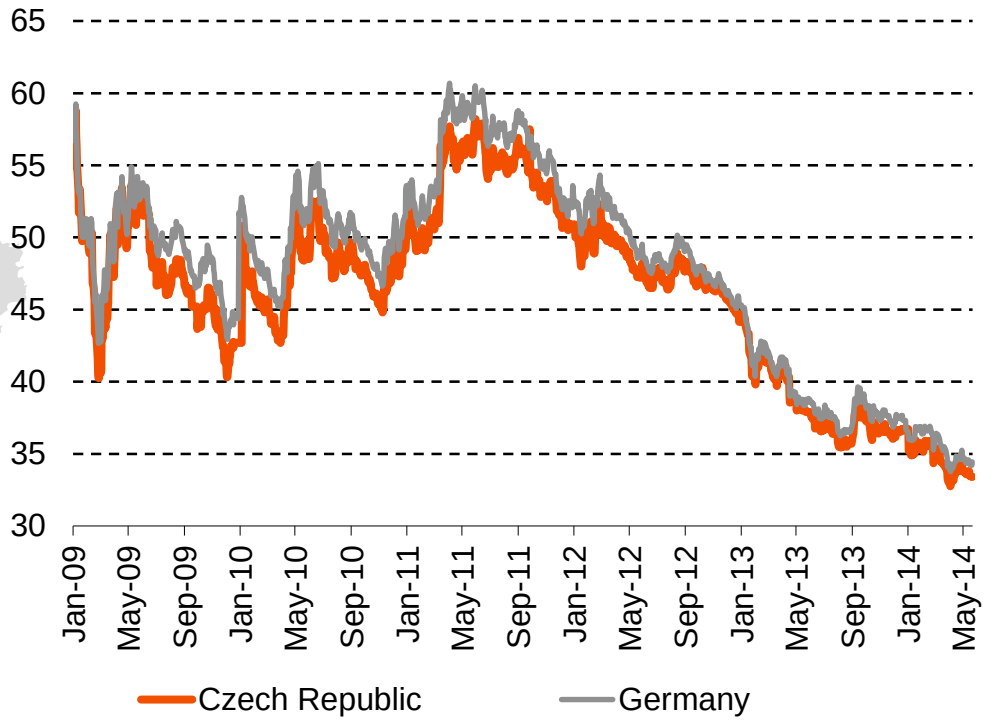
CZECH MARKET IS AN INTEGRAL PART OF WIDER EUROPEAN ELECTRICITY MARKET

- 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

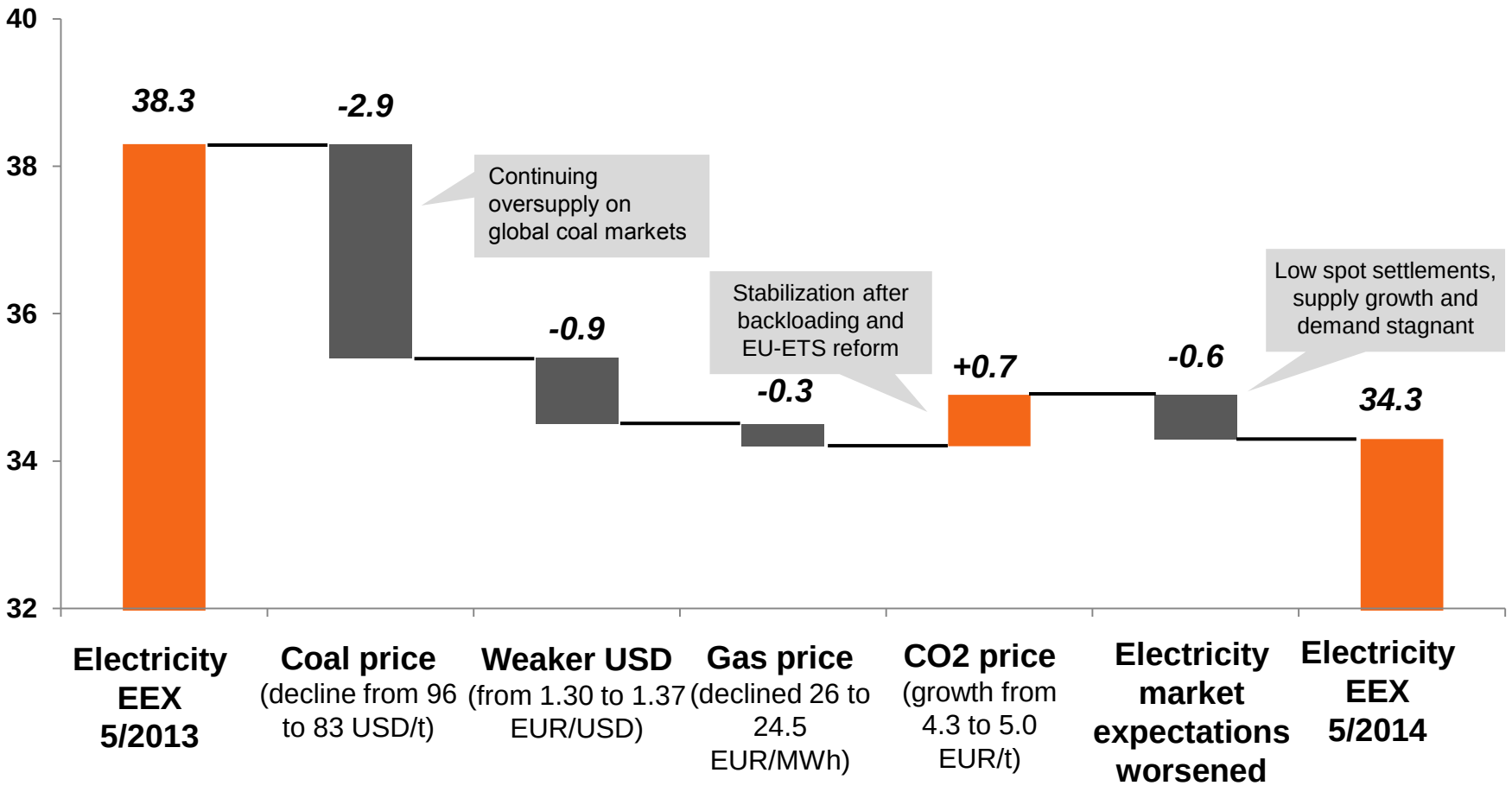


Price of electricity (year-ahead baseload, €/MWh)



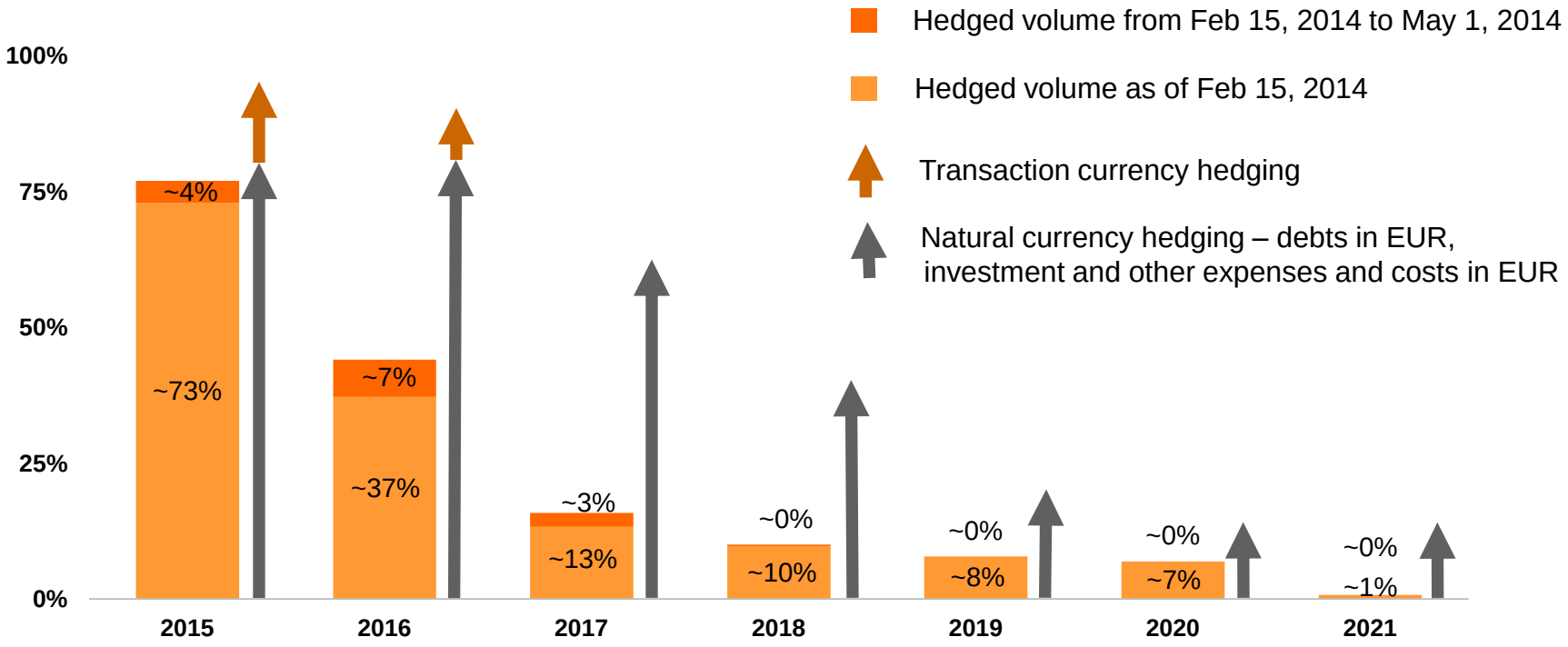
DECLINE IN ELECTRICITY PRICES WAS DRIVEN MAINLY BY DECLINING COAL PRICES

Electricity price change decomposition (5/2013 – 5/2014)
EUR/MWh, Cal15



CEZ CONTINUES HEDGING ITS REVENUES FROM SALES OF ELECTRICITY IN THE MEDIUM TERM

Share of hedged production from CEZ* facilities as of May 1st, 2014 (100% corresponds to 57–59 TWh)

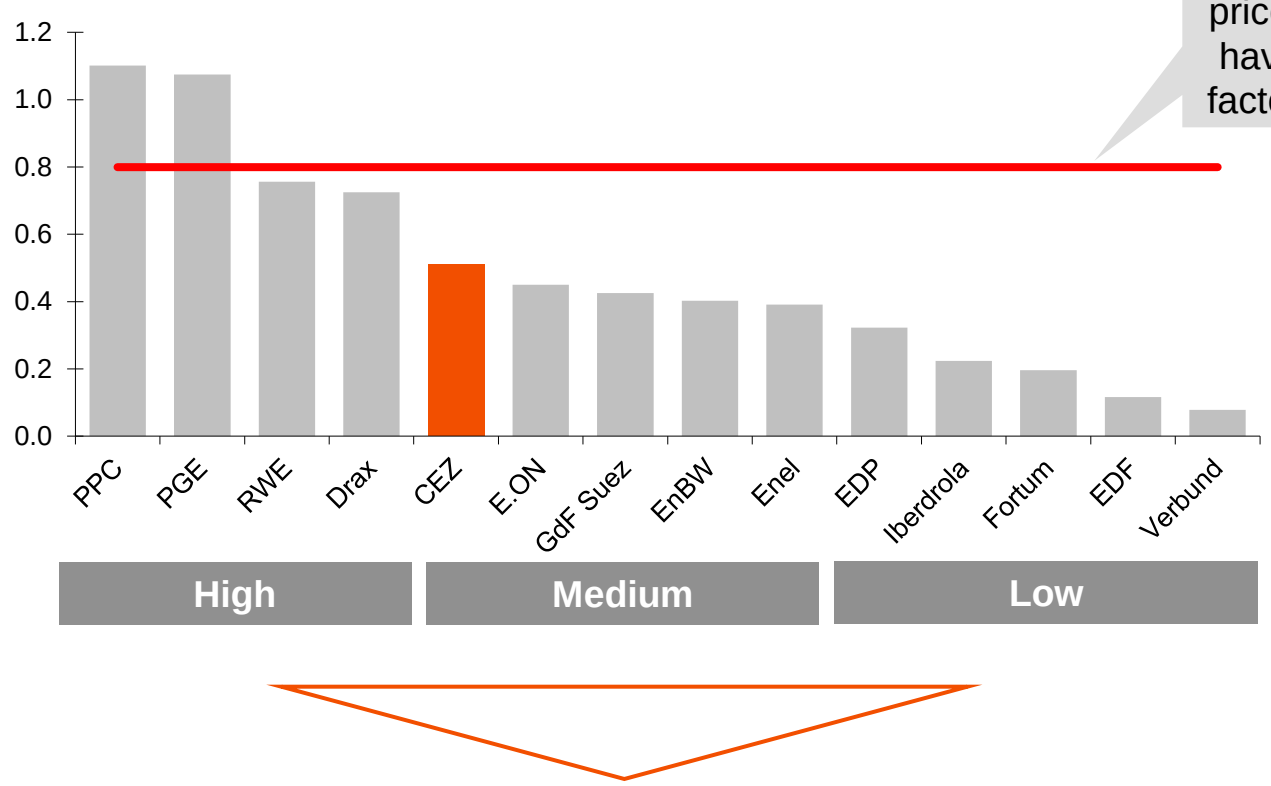


	2015	2016	2017	2018	2019	2020	2021
Total hedged (of production)	~ 77%	~ 44%	~ 16%	~ 10%	~ 8%	~ 7%	~ 1%
At price (EUR/MWh, BL equivalent)	40.5	38.0	40.0	43.5	45.5	47.0	40.0

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

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

Carbon intensity of selected European utilities
(2013, t/MWh)



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

Increase in CO_2 price has a positive impact on CEZ profitability

CEZ IN THE CZECH REPUBLIC OBTAINS PART OF EMISSION ALLOWANCES FOR FREE

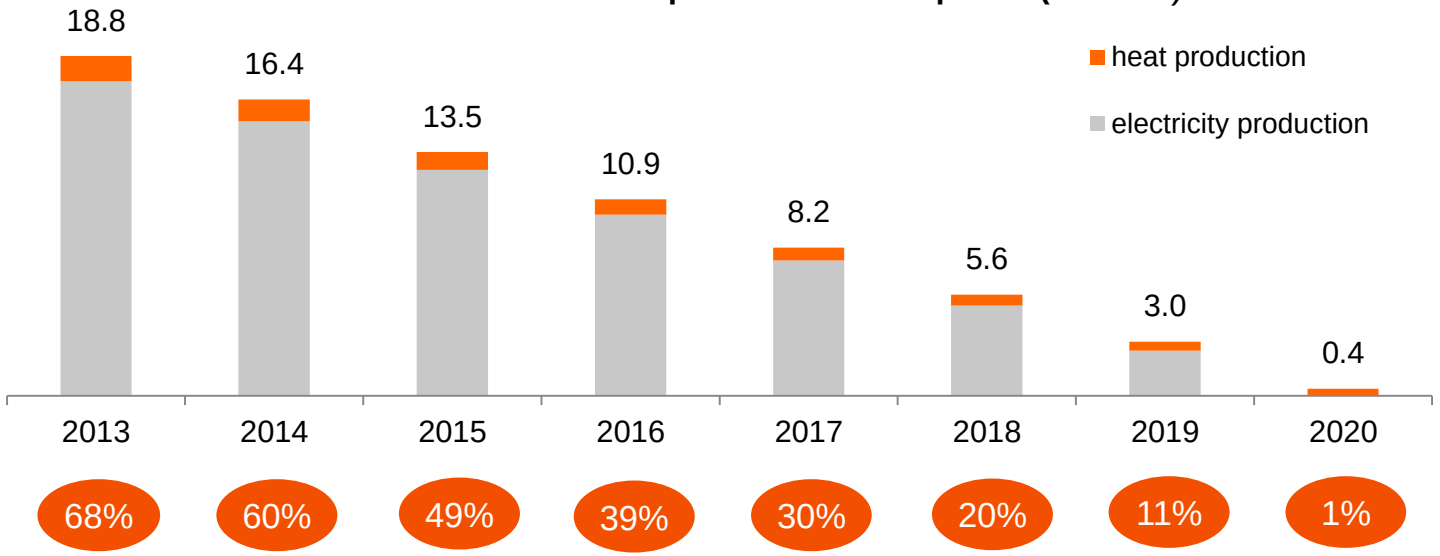
In January 2014 the European Commission made a decision on the 2013 allocation of emission allowances for electricity and heat generation in the Czech Republic

- On Feb 16, 2014, CEZ Group's account was credited with **18.8** million emission allowances for 2013
- So far CEZ Group invested a total of **CZK 26.8 bn** in projects reducing greenhouse gas emissions in the Czech Rep.
- By 2019, CEZ Group plans to invest up to another **CZK 42 bn** in projects reducing greenhouse gas emissions

The Czech Republic's application for emission allowances for electricity production in 2013–2019 was approved by the European Commission as early as December 2012

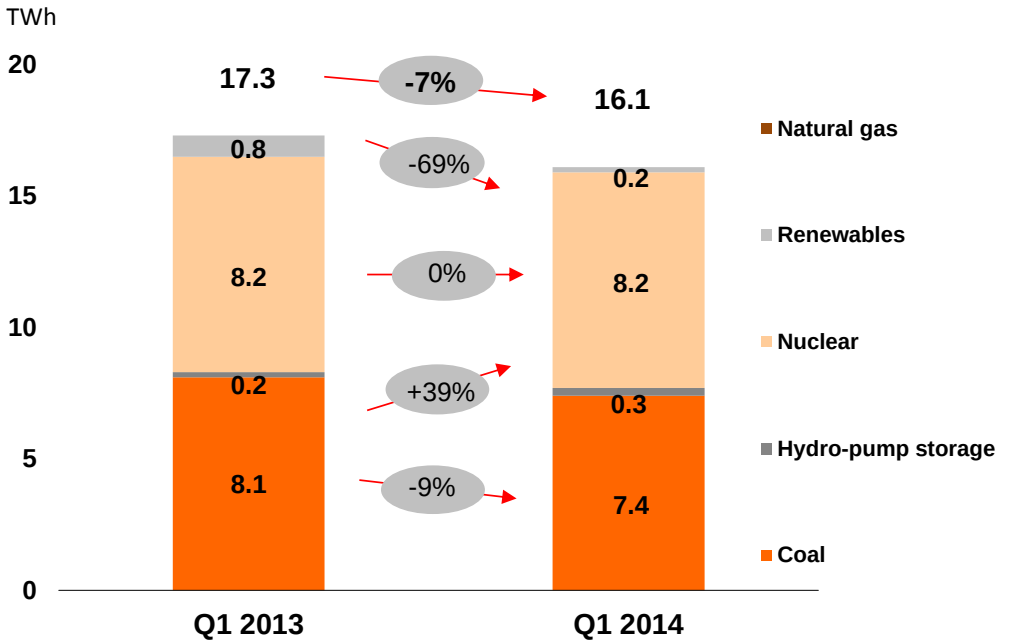
- In exchange for investments reducing greenhouse gas emissions, Czech energy companies can thus get a total of **107.7 million** emission allowances in 2013–2019*
- CEZ Group can get up to **70.2 million** emission allowances in the Czech Republic in 2013–2019*

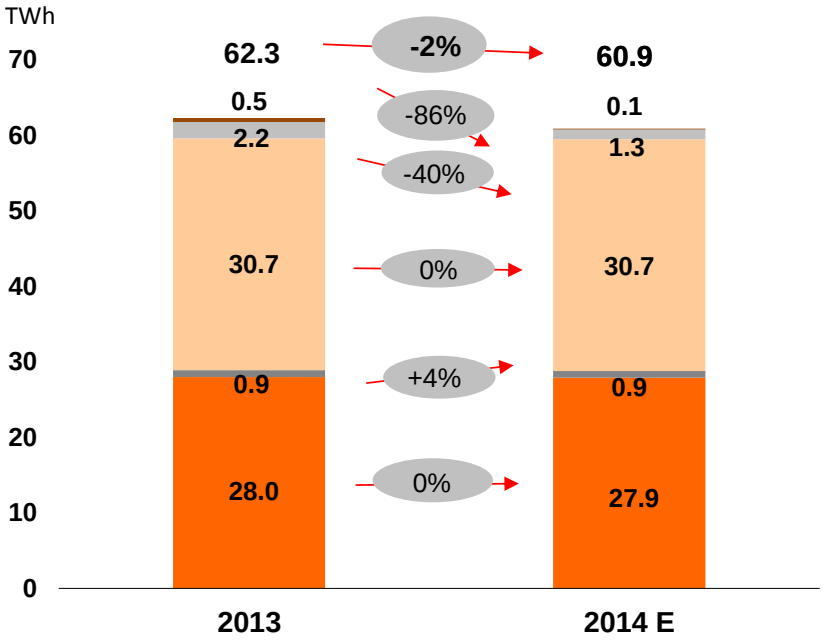
Expected allocation of allowances for CEZ Group in the Czech Republic (millions)



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

CZECH REPUBLIC – Y-O-Y DROP IN PRODUCTION REFLECTS THE SALE OF CHVALETICE POWER PLANT





Nuclear power plants (0%)
+ Shorter outages and increased capacity of Dukovany NPP
– Longer outages of Temelín NPP

Coal-fired power plants (-9%)
– Sale of Chvaletice Power Plant in September 2013

Renewable sources (-69%)
– Lower flow rates at hydro plants due to hydrometeorologic conditions

Nuclear power plants (0%)
+ Shorter outages of Dukovany NPP and increased capacity of Temelín NPP
− Longer planned outages of Temelín NPP

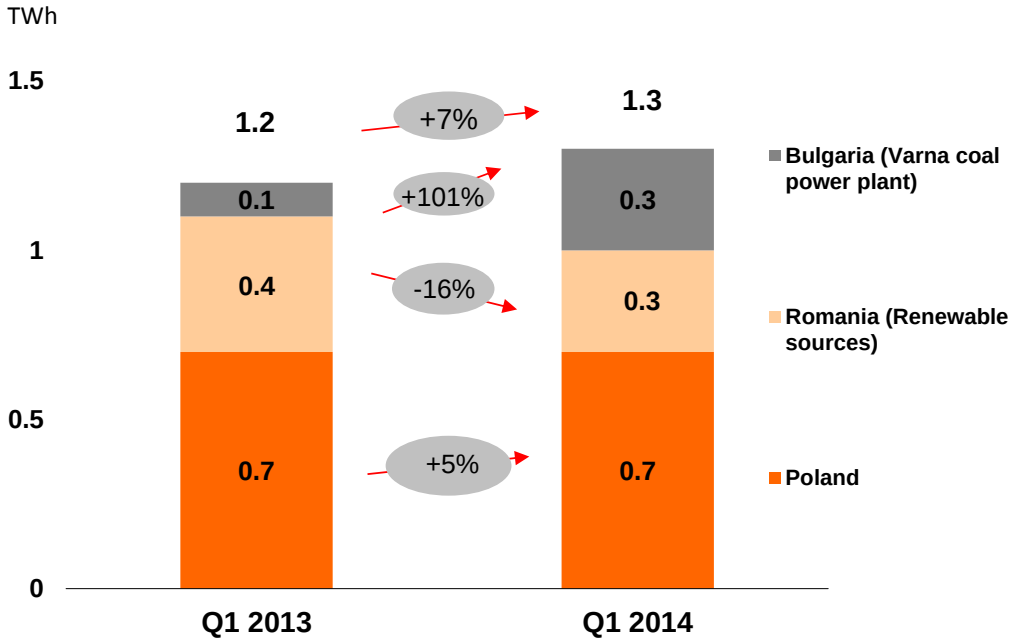
Coal-fired power plants (0%)
+ Commissioning of Ledvice 4 Power Plant (new facility)
– Decommissioning of 2 units of Ledvice 2 Power Plant and sale of Chvaletice Power Plant
– Planned outages at Počerady Power Plant due to ecologization

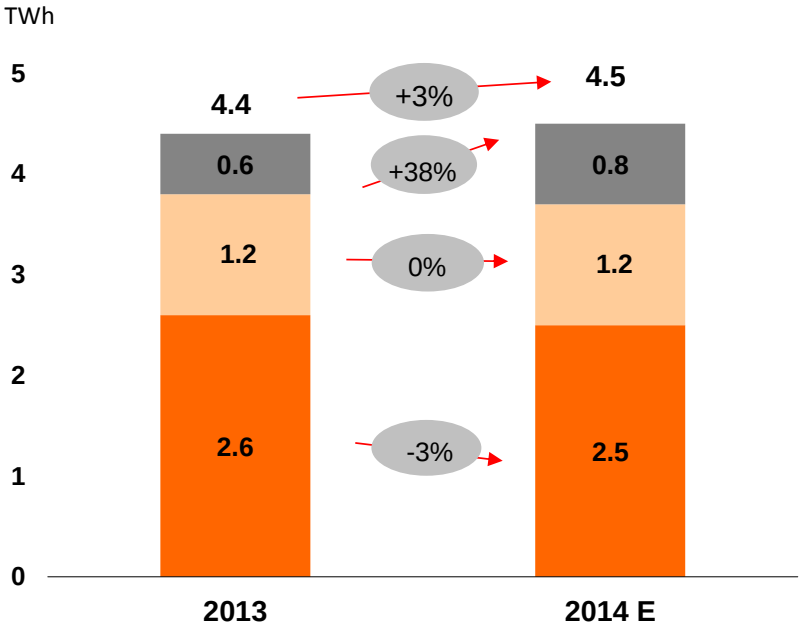
Renewable sources (-40%)
– Lower flow rates at hydro power plants (due to hydrometeorologic conditions)

Natural gas (-86%)
– Lower production at Počerady CCGT

CCGT – Combined cycle gas turbine

ABROAD – WE EXPECT SLIGHT GROWTH IN PRODUCTION





Bulgaria – coal-fired Varna plant (+101%)

+ Higher demand for deliveries to the regulated market, higher quota production

Romania RES (-16%)

– Lower wind farm production due to worse weather conditions, especially in January and February 2014

Poland (+5%)

+ Increase in electricity generation at the Skawina Power Plant

Bulgaria – coal-fired Varna plant (+38%)

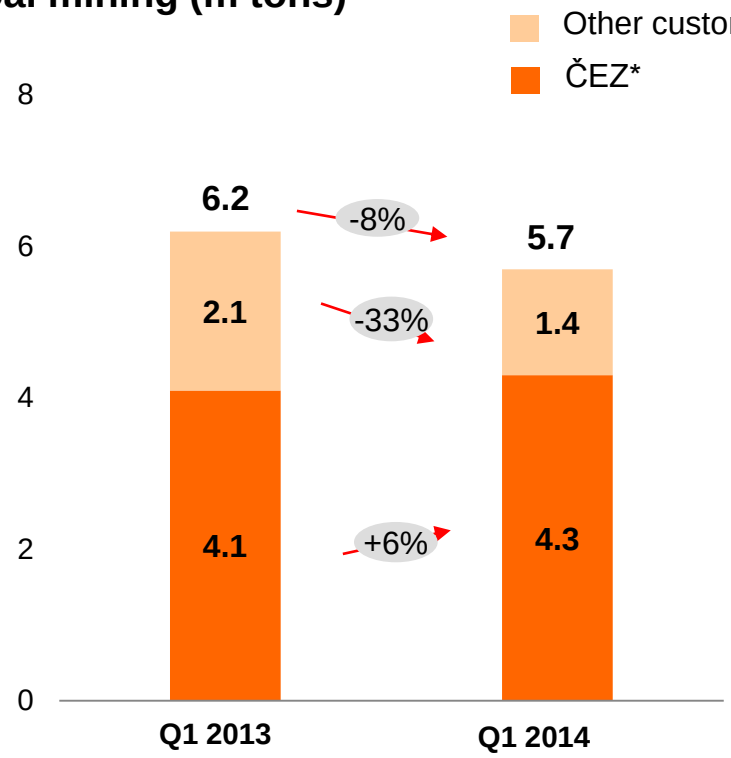
+ Higher demand for deliveries to the regulated market, higher quota production

Poland (-3%)

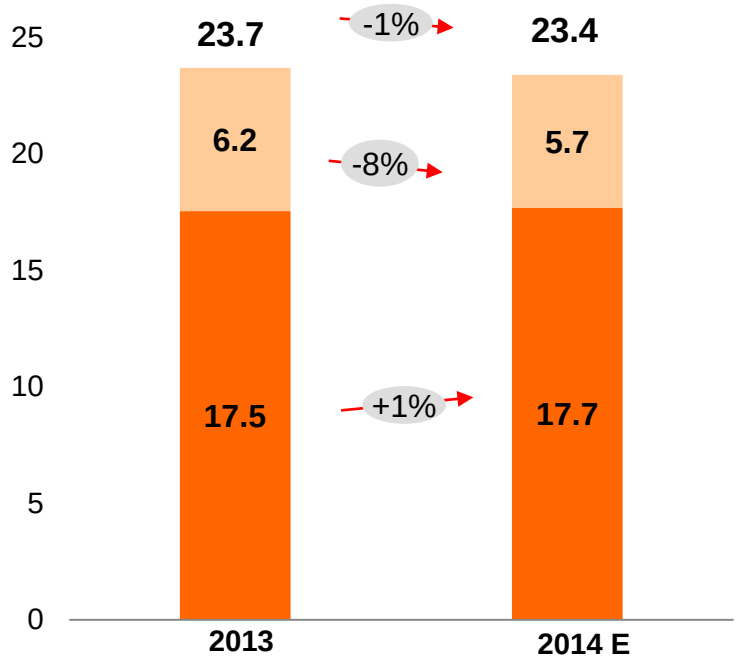
– Lower production at ELCHO Power Plant due to planned overhaul in 2014

SEVEROČESKÉ DOLY – LOWER COAL EXTRACTION REFLECTS DECREASE IN DEMAND

Coal mining (m tons)



- Drop in demand due to an extremely warm winter

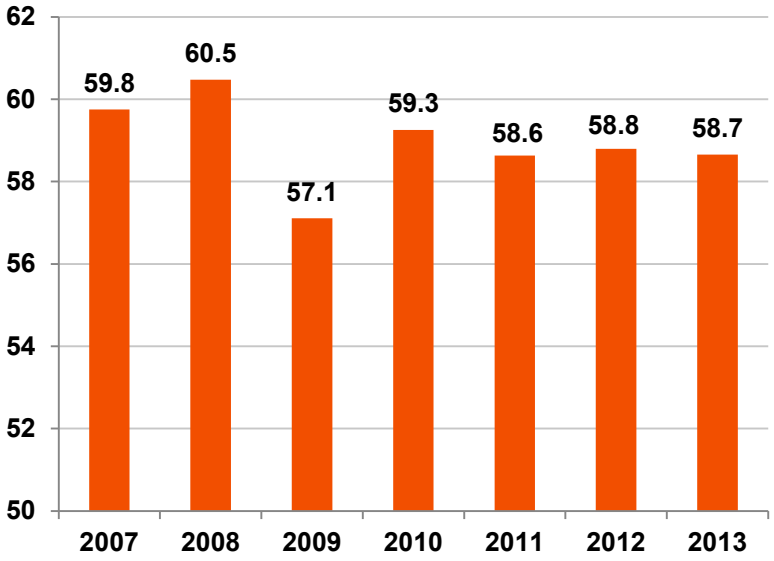


- Year-on-year effect of above-average temperatures in Q1 2014
- An additional decrease of the 2014 outlook in comparison with the outlook published on Feb 28th is caused by CEZ's decreased demand

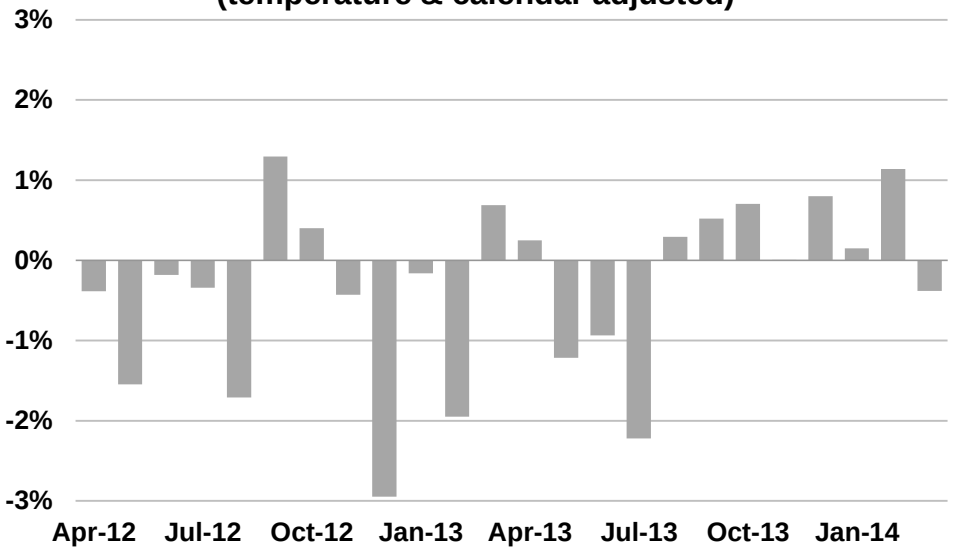
ČEZ* = ČEZ, a. s. incl. Počerady power plant, Energotrans & Heating Plant Trmice. Chvaletice Power Plant in Q1 2013 only.

ELECTRICITY CONSUMPTION REMAINS STAGNANT IN THE CZECH REPUBLIC

Electricity demand in the Czech Republic (TWh)



Y-o-y monthly indexes of demand in the Czech Republic (temperature & calendar adjusted)



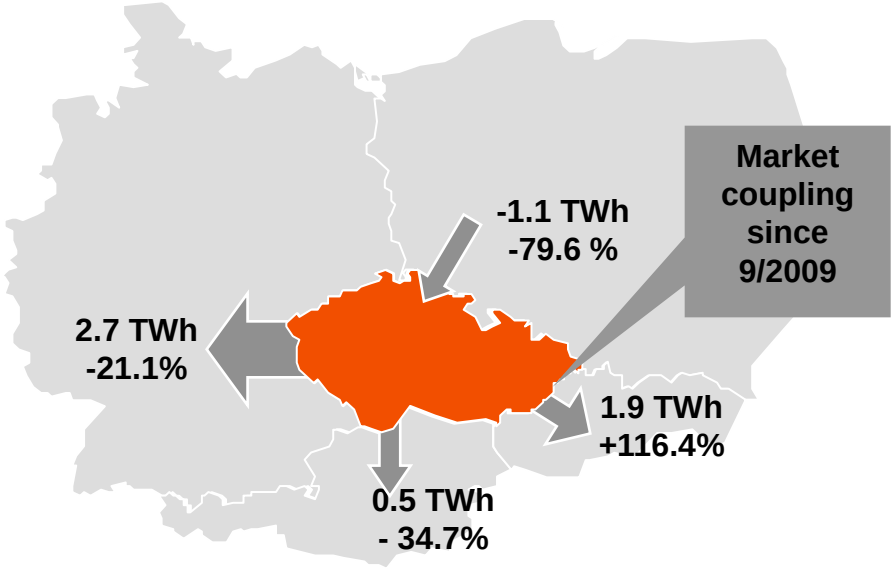
- In recent years electricity consumption remained stagnant and in 2013 it was 3% below its 2008 peak.
- In Q1 2014 temperature adjusted electricity consumption marginally increased by 0.2% y-o-y in the Czech Republic
- Unadjusted consumption of individual segments in Q1 2014 was as follows :
  - -0.1% wholesale customers
  - -8.8 % households
  - -8.3% small businesses

Source: CEZ, ERU

CZECH REPUBLIC REMAINS NET EXPORTER OF ELECTRICITY

Balance of cross border trades of the Czech Republic in 1Q 2014

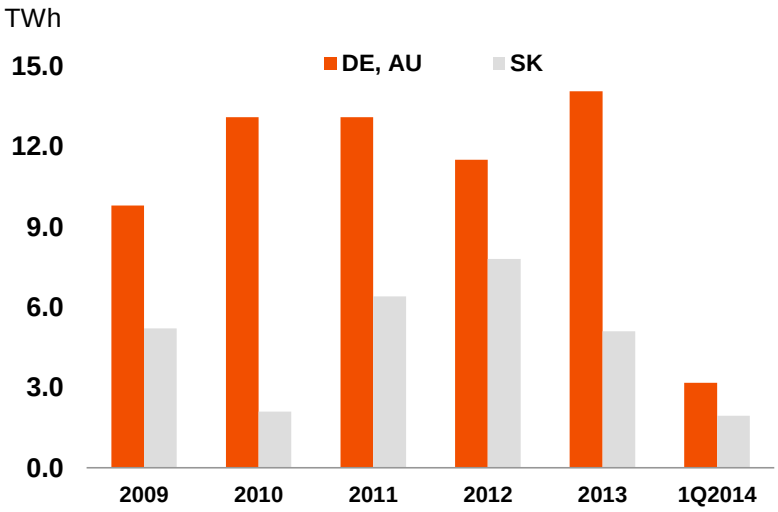
(Net exports in TWh, y-o-y changes in %)



Total net exports: 3.9 TWh, +11.1%

- 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	1Q2014
DE, AU	13.1	13.1	11.5	14.1	3.1
SK	2.1	6.4	7.8	5.1	1.9
PL	-0.5	-2.1	-1.5	-1.3	-1.1
	14.8	**17.5**	**17.8**	**17.9**	**3.9**

Source: CEPS

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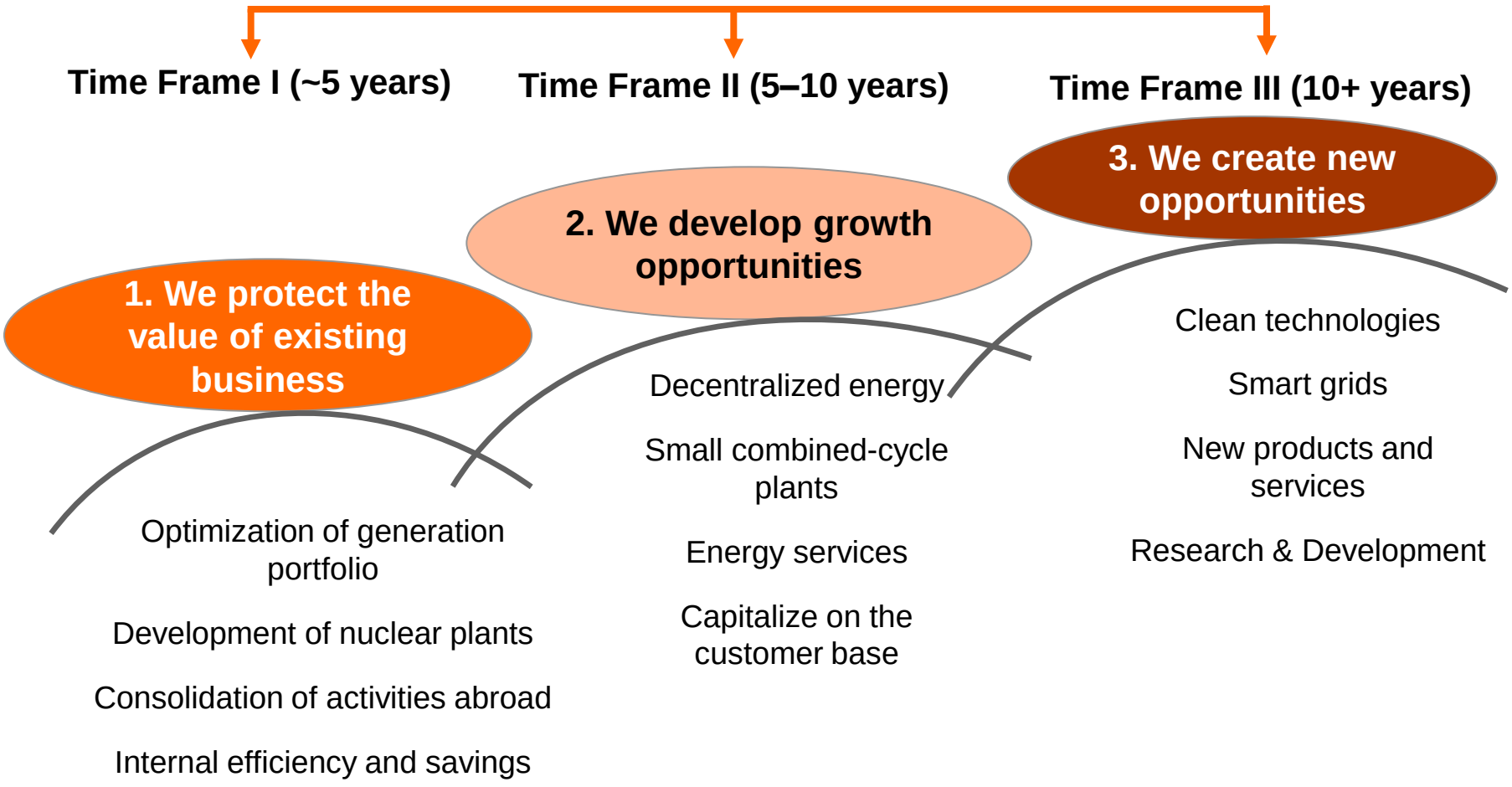
CEZ REACTS TO TURBULENT DEVELOPMENTS IN MARKETS WITH A WELL-BALANCED STRATEGY COVERING THREE TIME FRAMES:



WE GRADUALLY IMPLEMENT OUR ADOPTED STRATEGY THROUGH SEVEN STRATEGIC PROGRAMS:

1. We protect the value of existing business

2. We develop growth opportunities

	Program	Program goals
1	**New nuclear sources**	▪ Ensure conditions for financial feasibility and financing ability of the Temelín Units 3 & 4 project and possibly other nuclear projects
2	**Long-term operation of Dukovany NPP**	▪ Extend operations of the Dukovany Nuclear Power Plant beyond 2025 while ensuring the required rate of return.
3	**Stabilization abroad**	▪ Optimize the capital structure of each company ▪ Reduce exposure on unpromising markets and increase focus on countries with better political and economic stability
4	**Performance and Entrepreneurship**	▪ Enhance entrepreneurship and financial management while achieving sufficient savings ▪ Define a staff development program to improve the Group's performance and value
5	**Renewable sources**	▪ Optimize the existing portfolio by divesting selected projects or shares ▪ Develop, build, and operate a RES portfolio with an attractive IRR
6	**Customer orientation**	▪ Improve customer experience across CEZ Group ▪ Use new products to capitalize on the existing customer base ▪ Improve brand perception
7	**New Energy**	▪ Develop new business activities mainly in distributed and "small" energy while focusing on the end customer

RES – Renewable Energy Sources IRR – Internal Rate of Return

CEZ CANCELED PROCUREMENT PROCEDURE FOR CONSTRUCTION OF TEMELIN NUCLEAR POWER PLANT

The requirements for the project‘s feasibility are not fulfilled at the moment.

- On Apr 9, the Czech government adopted a resolution saying it was not planning to provide any guarantee or stabilization mechanism for the construction of low-carbon facilities at the moment.
- It also declared interest in further development of nuclear energy in the Czech Rep., promising to prepare a comprehensive plan for this area by the end of 2014.
- On April 10, 2014 CEZ canceled the procurement procedure for construction of two new units in the location of Temelin nuclear power plant and sent a relevant notice to participants - consortium of Westinghouse Electric Company LLC and Westinghouse Electric Czech Republic s.r.o., consortium of ŠKODA JS, Atomstroyexport and Gidropress and also earlier excluded AREVA NP. At the same time, it confirmed that preparation of the project as such is going forward.

WE CONTINUE IN IMPLEMENTATION OF INTERNAL SAVINGS AND EXPANDING SHARED SERVICES CENTERS WITH ENGINEERING CAPACITIES

Consolidation of Engineering Capacities – major cost and staff cuts

- The project goal is reduction of capacity of engineering functions and their adjustment to internal customers' requirements and to market situation

Over the next 4 years, we expect cumulative cost savings of more than CZK 1 bn.

Shared Services Centre – realized benefits are further increasing

CEZ Customer Services
- Serving external customers
- Benefit of over **CZK 190 m** per year

CEZ Distribution Services
- Providing grid services
- Benefit of over **CZK 230 m** per year

CEZ Corporate Services
- Facility Management, Accounting, and HR
- Benefit of over **CZK 250 m** per year

The annual cost savings of these companies have already exceeded CZK 670 m.

RENEWABLE RESOURCES: CONSOLIDATION OF PROJECTS, ONLY PROJECTS WITH ATTRACTIVE IRR BEING DEVELOPED, DIVESTITURE OF SELECTED PROJECTS

Poland

- CEZ is holding 75% stake in Eco-Wind Construction S.A. with an option for remaining 25%.
- Eco-Wind's portfolio of almost 800 MW projects will undergo optimisation, selected projects to be sold.
- Projects selected for the future development will be funded non-recourse.
- 170 MW at advanced stage of development.
- Uncertainty of the Polish regulation regime persist. Projects to be further developed only after the clearance of the regulatory environment.

Romania

- CEZ is operating Fantanelle (347.5 MW) and Cogealac (252.5 MW) Wind Farms and refurbished small hydro power plants (18 MW) in Romania.
- CEZ may divest a minority share of its Romanian wind farms.

Bulgaria

- Conditions of the investment memorandum concluded in 2006 in connection with acquisition of Varna TPP have been fulfilled – in 2013 CEZ allocated EUR 17 million into biomass projects in Bulgaria. Currently CEZ operates one solar power plant (5 MW) in Bulgaria.

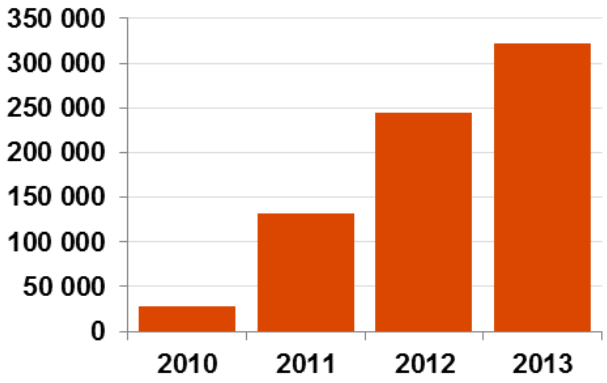
Germany

- CEZ monitors German renewable market and may consider to buy/develop some minor renewable project in Germany.

CUSTOMER ORIENTATION

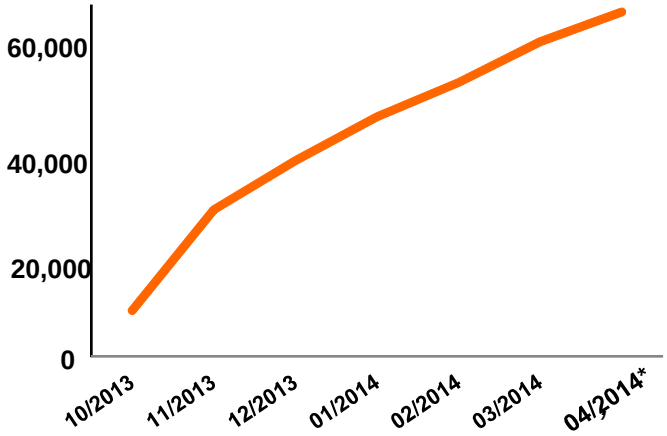
- CEZ offers new products
  - In August 2009 CEZ became an alternative gas supplier. In 2013 gas supplies generated approximately CZK 1.1bn of CEZ's gross margin.
  - In October 2013 CEZ offered mobile phone services, currently is has 62,000 customers
- We take steps to support brand image of CEZ.
- CEZ would like to continue to capitalise on its customer base.

Gas - number of connection points as of YE (Cumulative)



Source: OTE

CEZ MOBILE – number of customers (Cumulative, since the start of the offer)



Text in picture says: We are electricity, we are gas, we are mobile, we are people, we are with you. CEZ Group.

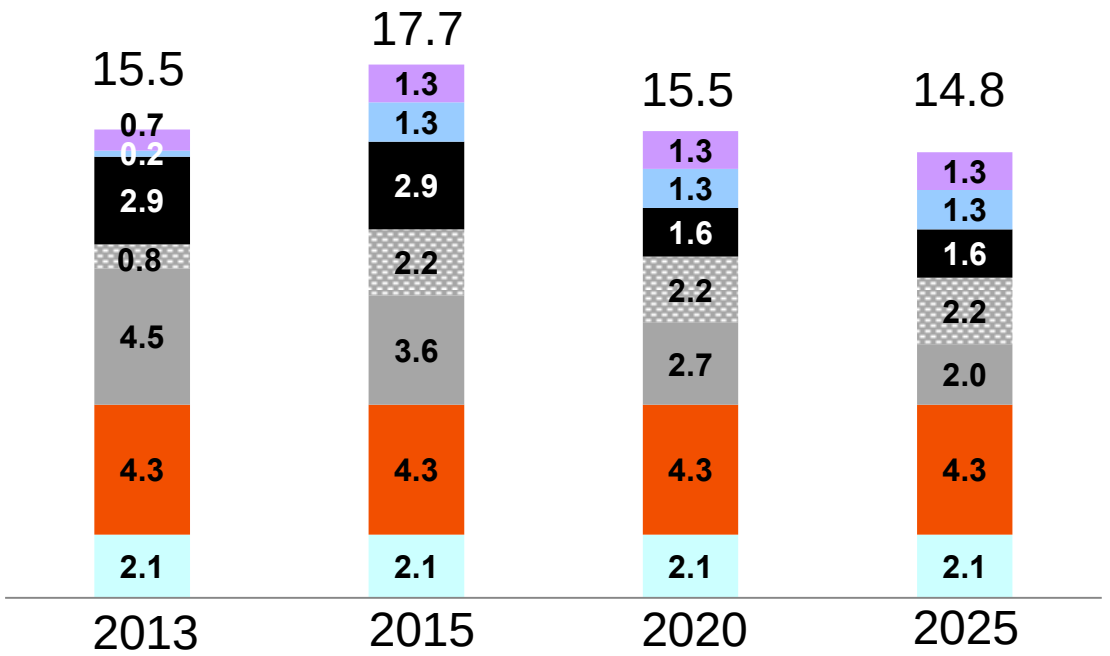
NEW ENERGY: IDENTIFY OPPORTUNITIES AND PICK PROJECTS ADDING VALUE TO THE GROUP

	Theme	Examples of opportunities	CEZ Group´s existing competence
	Services for households and service sector	▪ Services relating to the energy management of buildings ▪ Sale, installation and service of heat pumps, LED lighting, household smart grids.	CEZ Energetické služby – services, audits and consultancy concerning energy management and energy savings
	Professional services for industry and municipalities	▪ Technically demanding services and products such as installation and operation of industry islands or design and installation of local DC grids	CEZ Energetické služby – energy projects and wide range of services for industrial customers
	Regional decentralised energy production	▪ Installation and operation of micro-cogeneration ▪ Construction and operation of regional waste-to-energy plants	CEZ Energo – realised several projects concerning construction and subsequent operation of gas-fired cogeneration units
	Enter to other network industries	• Construction and operation of public lighting	CEZ Energetické služby – operates public lighting in several municipalities

In September 2013 CEZ set up a new company ČEZ Nová energetika (ČEZ New Energy) specialising in finding growth potentials in decentralised energy sector.

INVESTMENT PROGRAM ALLOWS CEZ TO REDUCE THE AVERAGE CARBON EMISSION FACTOR

Expected installed capacity (GW)
(proportionate*)



	2013	2015	2020	2025
Total CO_2 emissions ($m\ t\ CO_2$)	30.6	33.7	29.0	27.8
Emission intensity ($t\ CO_2/MWh$ supplied)	**0.51**	**0.49**	**0.44**	**0.42**

2013 emissions are not verified, * includes equity consolidated companies (Akenerji)

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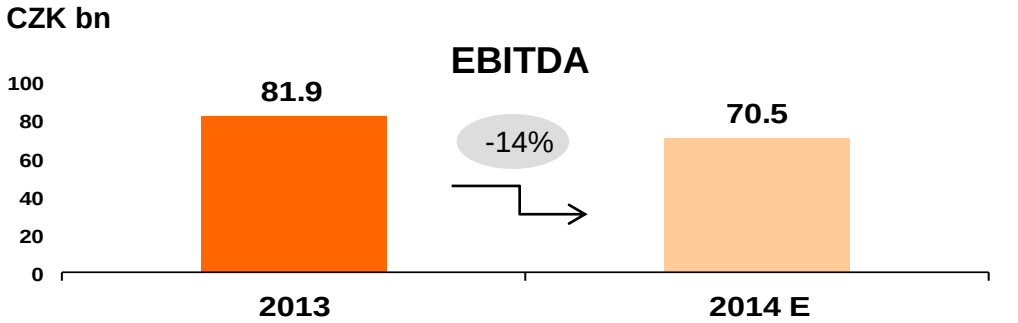
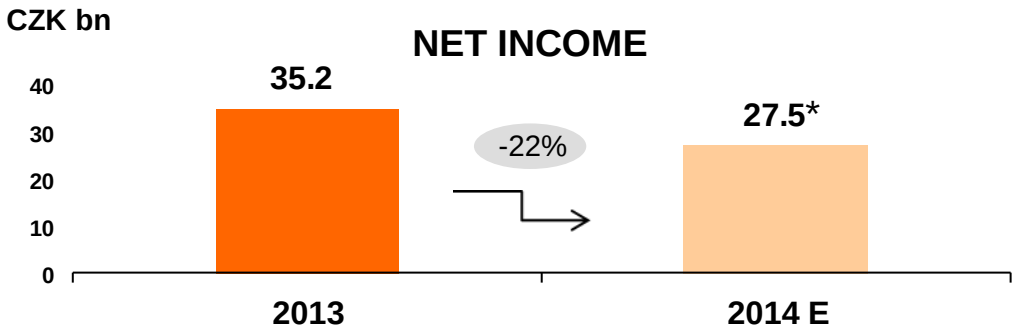
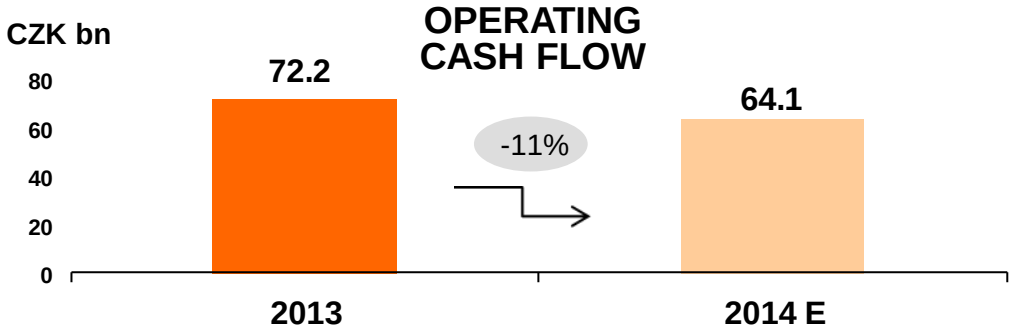
WE EXPECT EBITDA OF CZK 70.5 BN
NET INCOME OF CZK 27.5 BN*







Selected year-on-year negative effects:

- Trend of declining electricity prices
- Extraordinary income from trading in emission allowances in 2013 (CER Gate)
- Worsened national regulatory conditions in Southeastern Europe
- Extraordinary revenues in 2013 (proceeds from the sale of the Chvaletice Power Plant, exclusion of CEZ Shpërndarje from consolidation)

Selected year-on-year positive effects:

- savings of fixed operating expenses

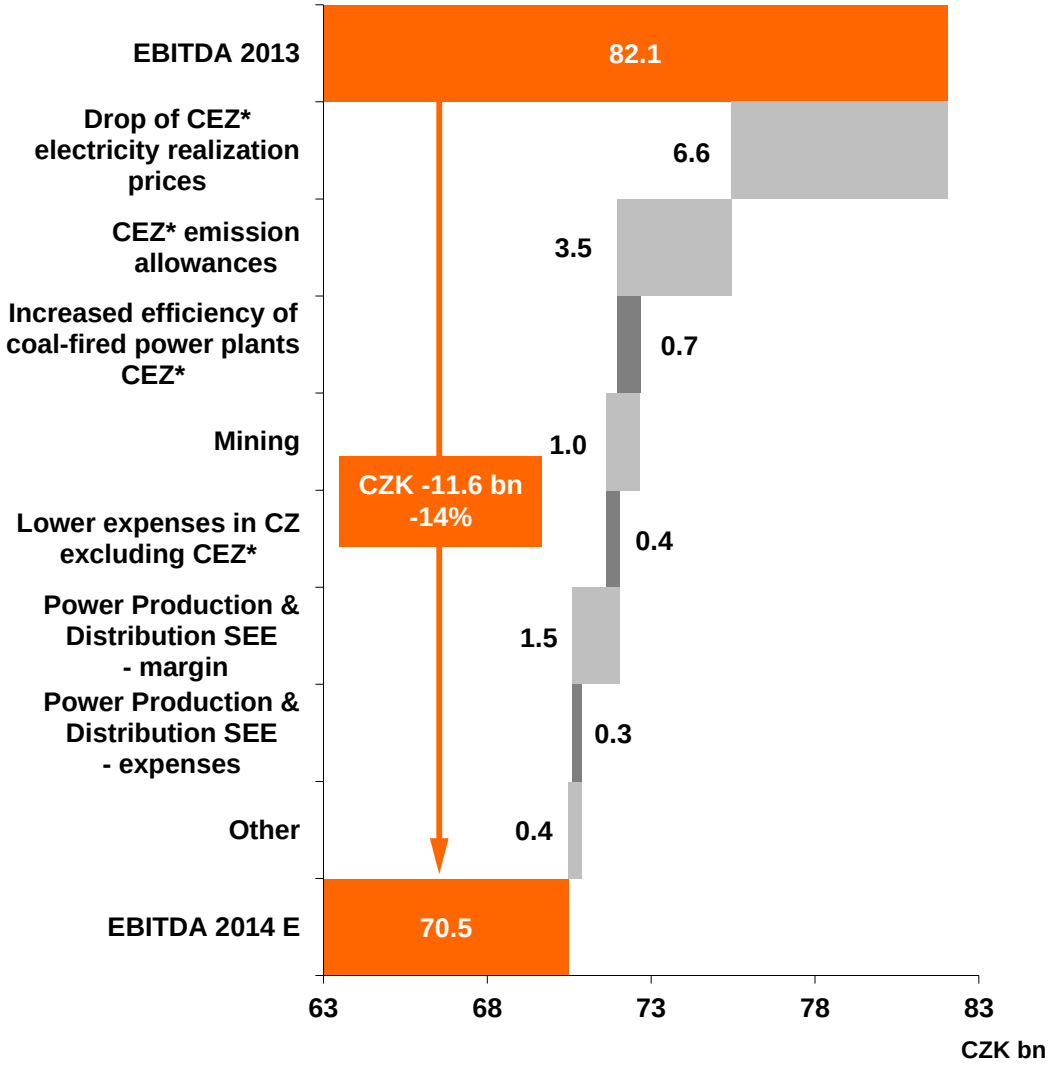
Selected prediction risks:

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

*The value does not include impairments of fixed assets whose impact on yearly results cannot be quantified at the moment. The impact will reflect development of European regulation and of energy market as well as internal measures of CEZ Group in 2014.

Financial values for 2013 reflect the current recalculation of previous periods in accordance with the IFRS (especially reclassification of CEZ Energo from subsidiary to joint venture).

Y-O-Y DECREASE IN EBITDA
MAIN REASONS



Drop of CEZ* electricity realization prices:
- Decline in wholesale electricity prices
- Decrease in hedging CZK/EUR exchange rate

CEZ* emission allowances:
- Extraordinary revenue from CER Gate trading in 2013
- Reduction in allocation for production in NAP III

Increased efficiency of coal-fired power plants CEZ*
- Higher margin of modernized power plants in the Czech Republic

Mining
- Decrease in margin due to drop in coal prices linked to electricity prices

Lower expenses in Czech Rep. excluding CEZ*
- Savings of external fixed operating expenses

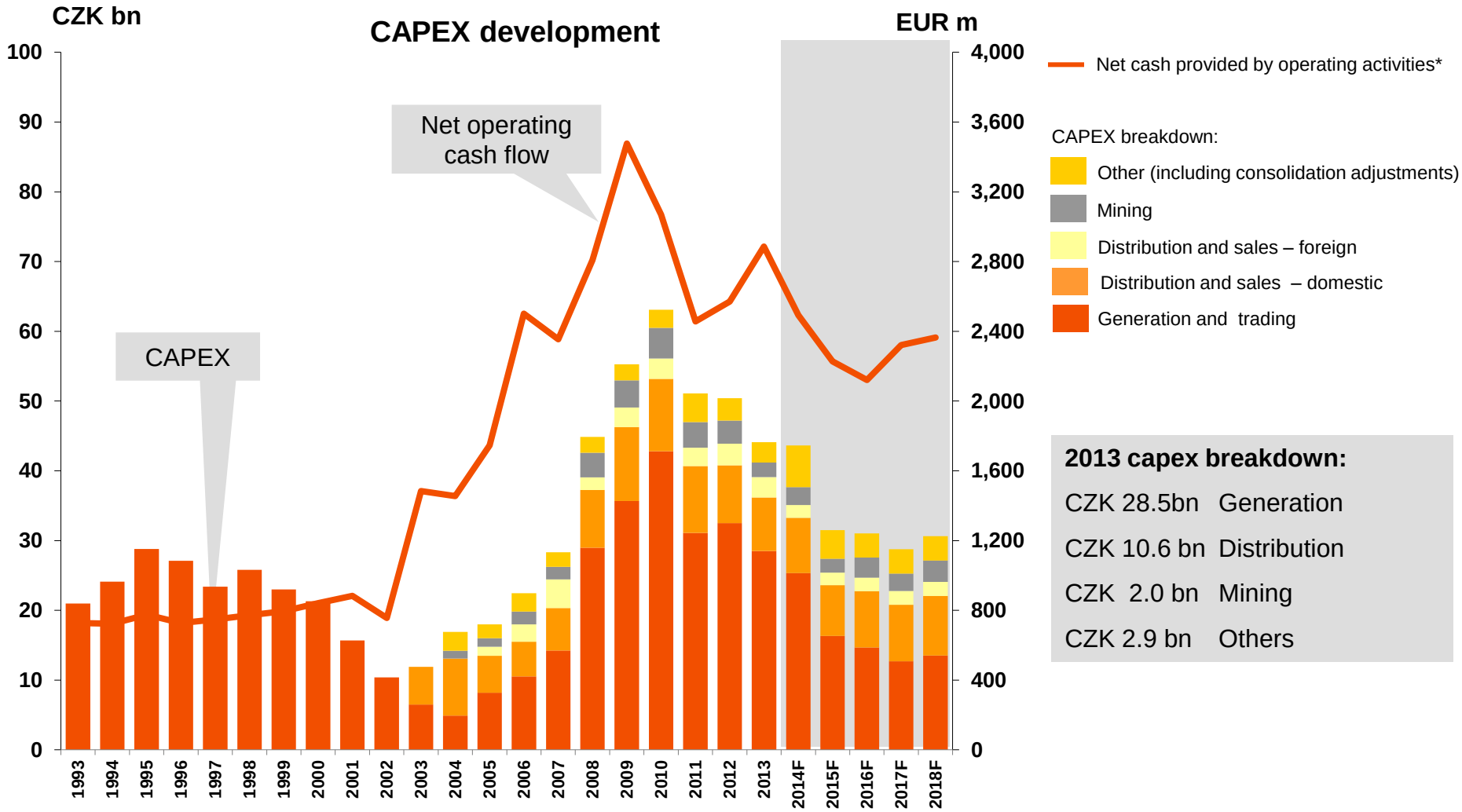
Power Production & Distribution SEE - margin
- Bulgaria – lower regulated tariffs for 2014
- Romania – postponement of allocation of green certificates

Power Production & Distribution SEE - expenses
- Savings of external fixed operating expenses

Other
- Effect of divestment of the Chvaletice power plant on Sep 2, 2013
- Change in the IFRS method - reporting the profit of ČEZ Energo from Jan 1, 2014 (equity method in net income instead of consolidation in EBITDA)

CEZ* = ČEZ, a. s. including spun-off coal-fired power plants in Počerady, Chvaletice (until Sep 2, 2013) and Dětmarovice
NAP – National Allocation Plan

CAPEX PLAN CAN BE FINANCED FROM OPERATING CASH FLOW



2013 capex breakdown:

CZK 28.5bn Generation

CZK 10.6 bn Distribution

CZK 2.0 bn Mining

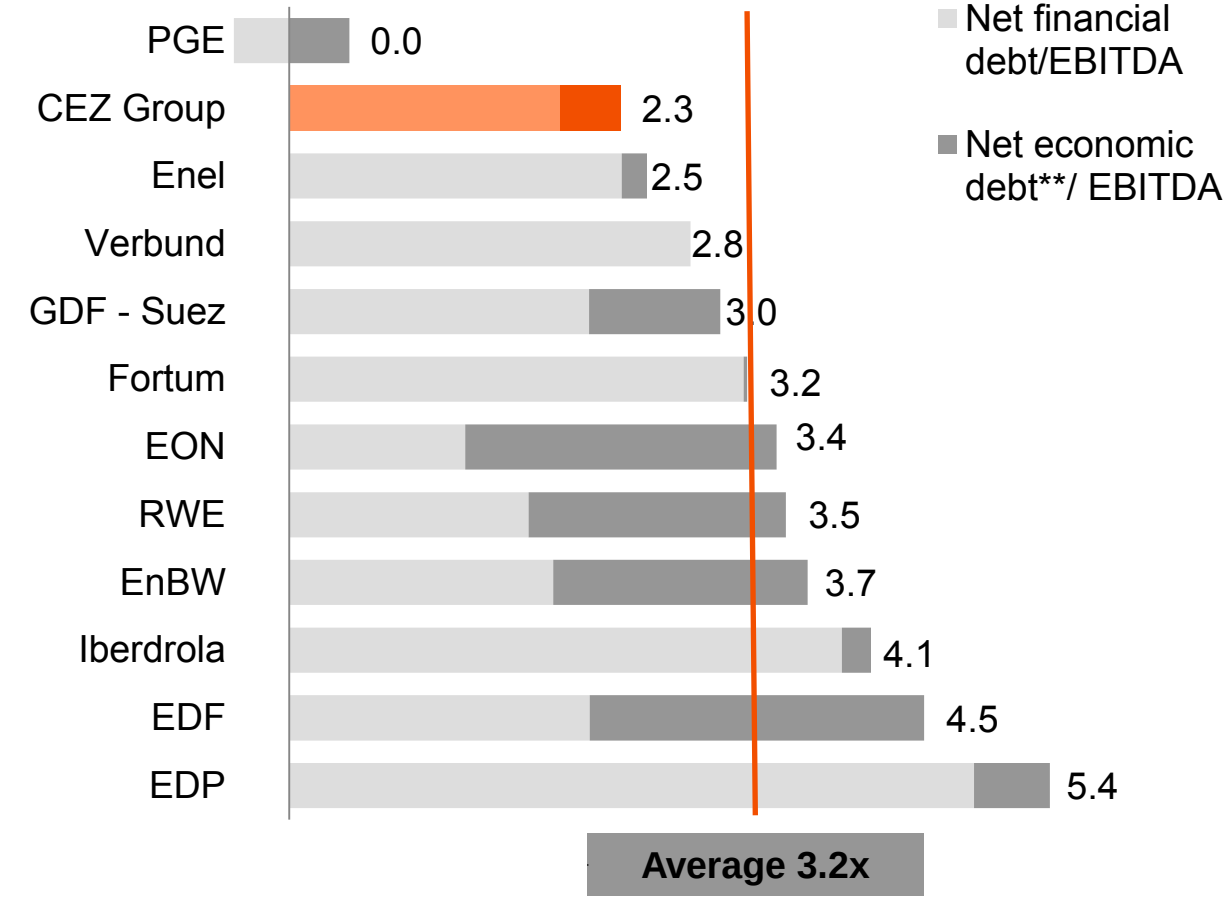
CZK 2.9 bn Others

Note: * based on business plan approved in Dec-13, which uses electricity forwards as of Sep-2013. Exchange rate CZK/EUR = 25.14

OUR CURRENT LEVERAGE IS LOW COMPARED TO INDUSTRY STANDARDS

Net economic debt/ EBITDA*

Multiples, 2013



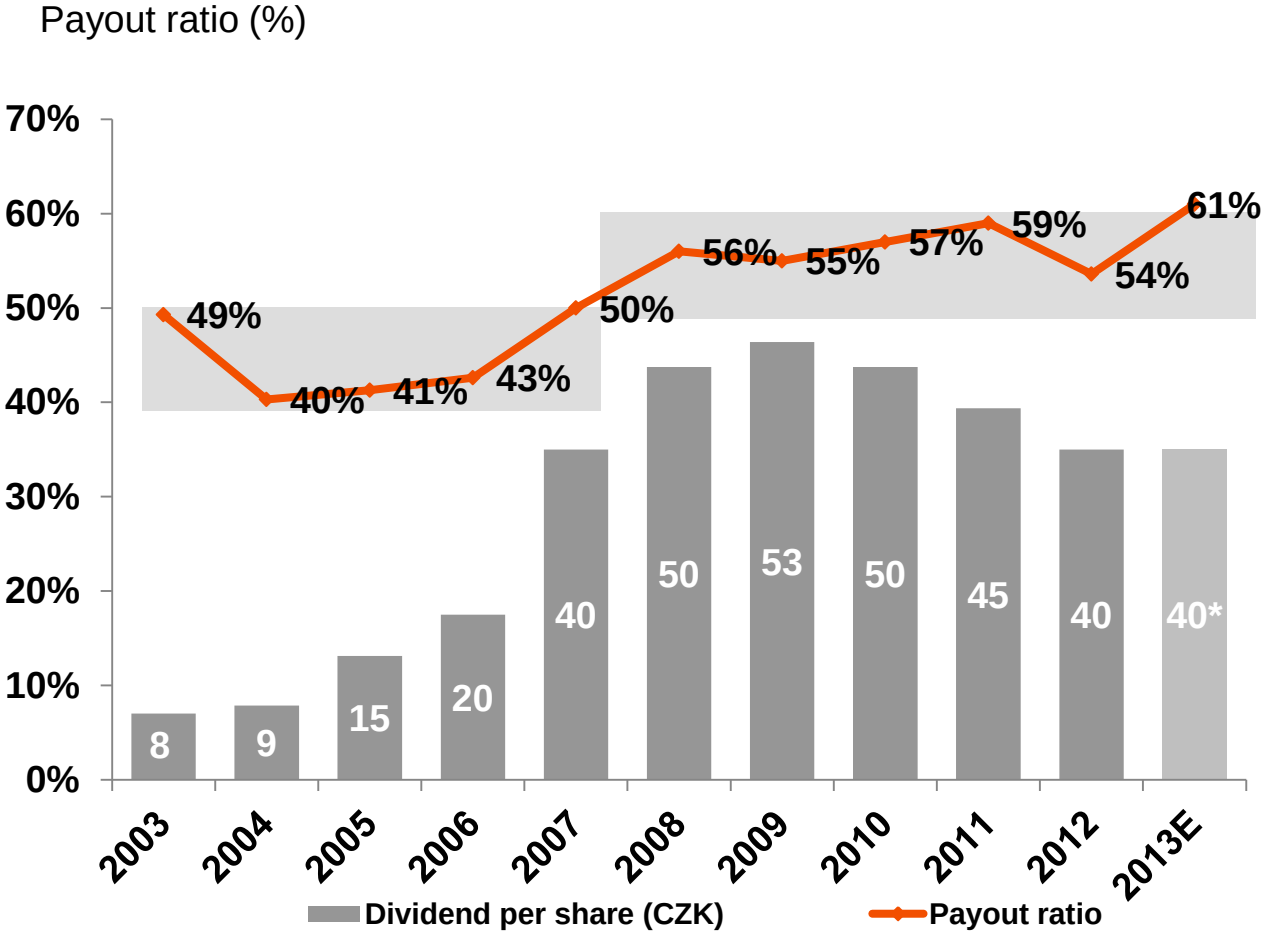
Current level of debt is low, which is a comfortable position in the current environment

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 net debt + liabilities from nuclear provisions & liabilities from employee pensions & reclamation and other provision

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



- Dividend policy targets payout ratio in the range of 50% to 60% of the consolidated profit adjusted for extraordinary items.
- Board of Directors proposes dividend from 2013 profit of CZK 40 per share. AGM to be held on June 27, 2014 will decide on the final dividend.

* Dividend proposal

AGENDA

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IN MARCH 2013 CEZ SIGNED A LONG TERM CONTRACT WITH CZECH COAL AND SECURED FUEL FOR ALMOST 50 YEARS

Contract conditions	Implications
▪ Price in 2013 set at CZK 38.8 per GJ, up 18% compared to 2012	Price significantly below original demands of Czech Coal
▪ By 2023, price will gradually increase to 65% of hard coal price (ARA)	Maintains significant competitive advantage over fuel costs of price setting hard coal plants
▪ Annual coal volume of 5 m tones per year, down from 8.5m previously	Sufficient volume to cover consumption of Počerady power plant
▪ CEZ has two options to sell Počerady power plant at predefined prices in 2016 and in 2024	Put options serve as hedges against worsening market conditions

CEZ DIVESTED CHVALETICE POWER PLANT AND THUS CLOSED INVESTIGATION BY EUROPEAN COMMISSION

- On September 2, 2013 ČEZ, a.s. transferred the shares of Elekrárny Chvaletice a.s. to the company Severní energetická, a.s. (formerly Litvínovská uhelná, a.s.), which became its 100% owner. Contract signed in March this year was first reviewed and approved by Czech Office for the Protection of Competition. Severní energetická (at the time Litvínovská uhelná) has been recognized as suitable purchaser also by European Commission in August.
- Sales price is CZK 4.12 bn plus 90% of the market price of emission allowances assigned to the Chvaletice Power Plant every year during the NAP III period (5.3 million tons of EUAs in total)
- CEZ thus fulfilled the settlement agreement with European Commission and its investigation was terminated.

Chvaletice power plant

Type of plant	Lignite
Start of operation	1977 -1978
Installed capacity (MW)	4*200
Electricity generated in 2012 (TWh)	3.4
Load factor	49%
Coal supplier	Severoceske doly, Czech Coal

SELECTED EVENTS IN FOREIGN ASSETS

Bulgaria

- Proceedings on revocation of the licenses of sale companies CEZ Electro, Energo-Pro and EVN are ongoing. CEZ Group is convinced there is no reason for license revocation.
- European Commission, acting through Energy Commissioner G. Oettinger, expressed concern over the initiated proceedings and called on Bulgaria again to respect the energy regulatory office's independence and EU rules in the energy sector.

Romania

- On June 4, 2013, the Government approved a decree on promoting renewable sources; for our wind farms it means that the tradability of one of the two allocated green certificates has been postponed till 2018.

Albania

- On May 16, 2013, ČEZ officially initiated an arbitration against the Government of Albania before an international arbitration panel according to the Energy Charter Treaty

AKENERJI

- On May 15, 2009 CEZ bought 37.36% stake in Akenerji for USD 302.6 m from subjects related to Akkök. Thus CEZ and subjects related to Akkök have an equal stake in Akenerji with combined shareholding of 75%
- Akenerji has 738 MW of installed capacity in natural gas, hydro and wind.
- Akenerji is the largest company among private generation companies with 10% market share. It produces 2% of Turkey's electricity generation
- Development of the project of up to 872 MW CCGT in Hatay (Egemer) is underway
- 240 MW of hydro is at development stage (Kemah)

USD m	2009	2010	2011	2012	2013
Sales	298.6	285.9	334.3	445.3	399.5
EBITDA	33.2	24.3	63.3	73.7	70.4
Margin	11.1	8.5	18.9	16.6	17.6
EBIT	15.2	5.2	35.2	43.7	39.2
Net income	16.0	-17.1	-127.4	45	-68.5
Assets	1,001.5	1,275.4	1,179.4	1,278.6	1,489.0
Net debt	345.2	590.6	705.8	719.7	841.5
CF from investing	-356.0	-355.2	-132.2	-133.5	-334.4

Source: CEZ, http://www.akenerji.com.tr/

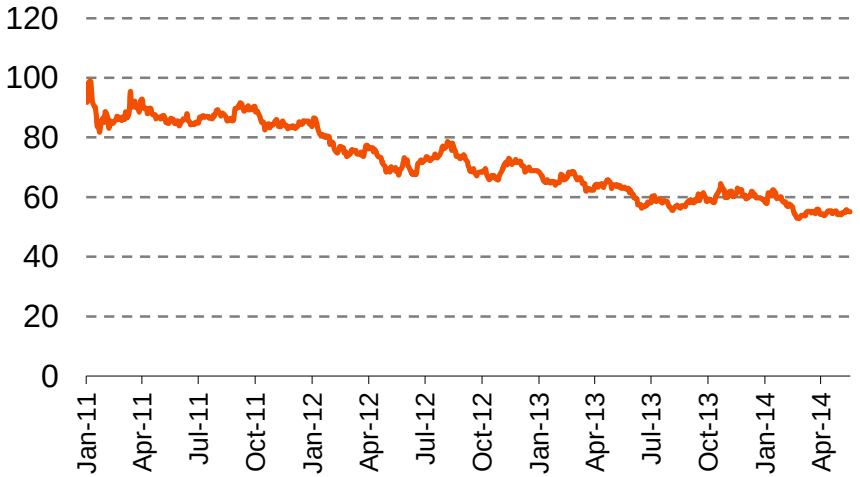
CEZ IS A STRONG AND VERTICALLY INTEGRATED PLAYER IN THE CZECH ELECTRICITY MARKET

	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 63% of customers	**36%** 21 TWh
Others	**42**% 16.9 million tons	**28**% 24.8TWh		37% of customers	64% 37.7 TWh
	▪ CEZ fully owns the largest Czech mining company (SD) covering 73% 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, RWE/EnBW

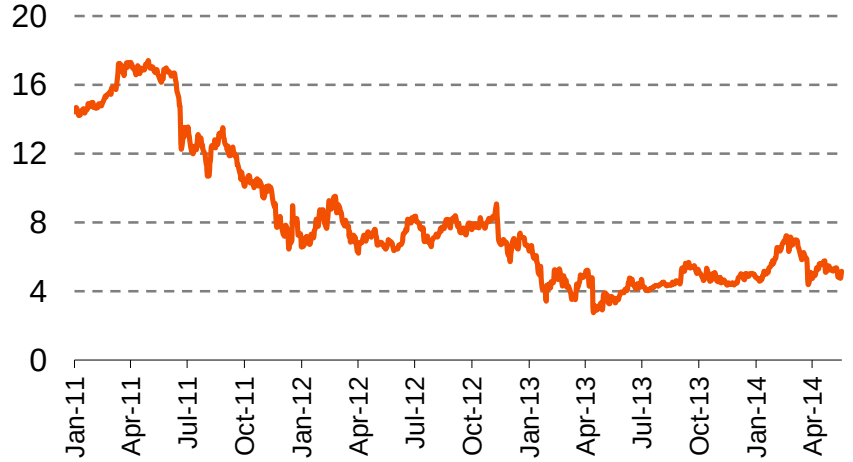
Source: CEZ, ERU, OTE, companies´ data ; data for 2013 (distribution for 2012)

HISTORICAL DEVELOPMENT OF PRICES OF INPUT COMMODITIES

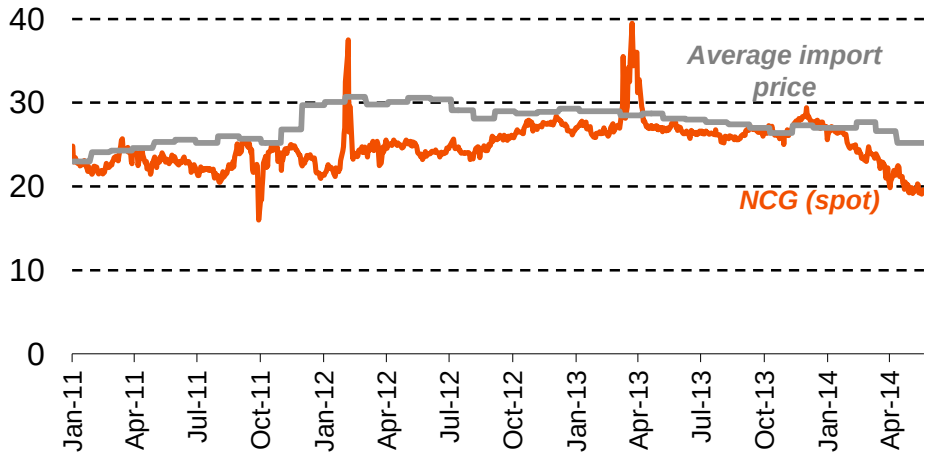
Coal (EUR/t)



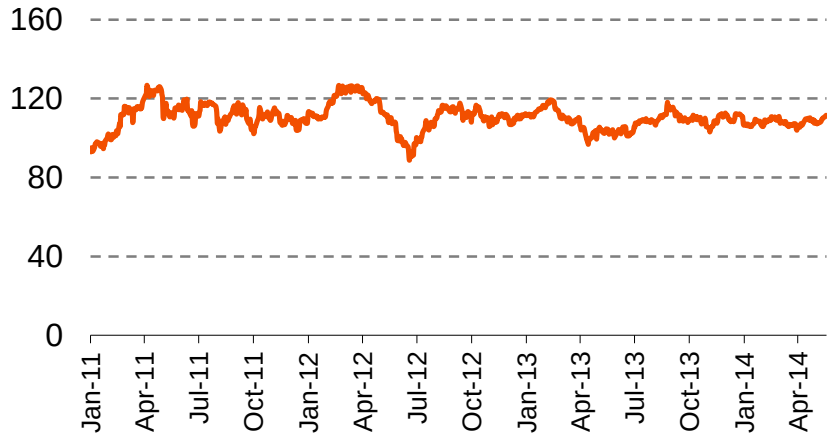
CO_2 allowances (EUR/t)



Gas (EUR/MWh, in Germany)

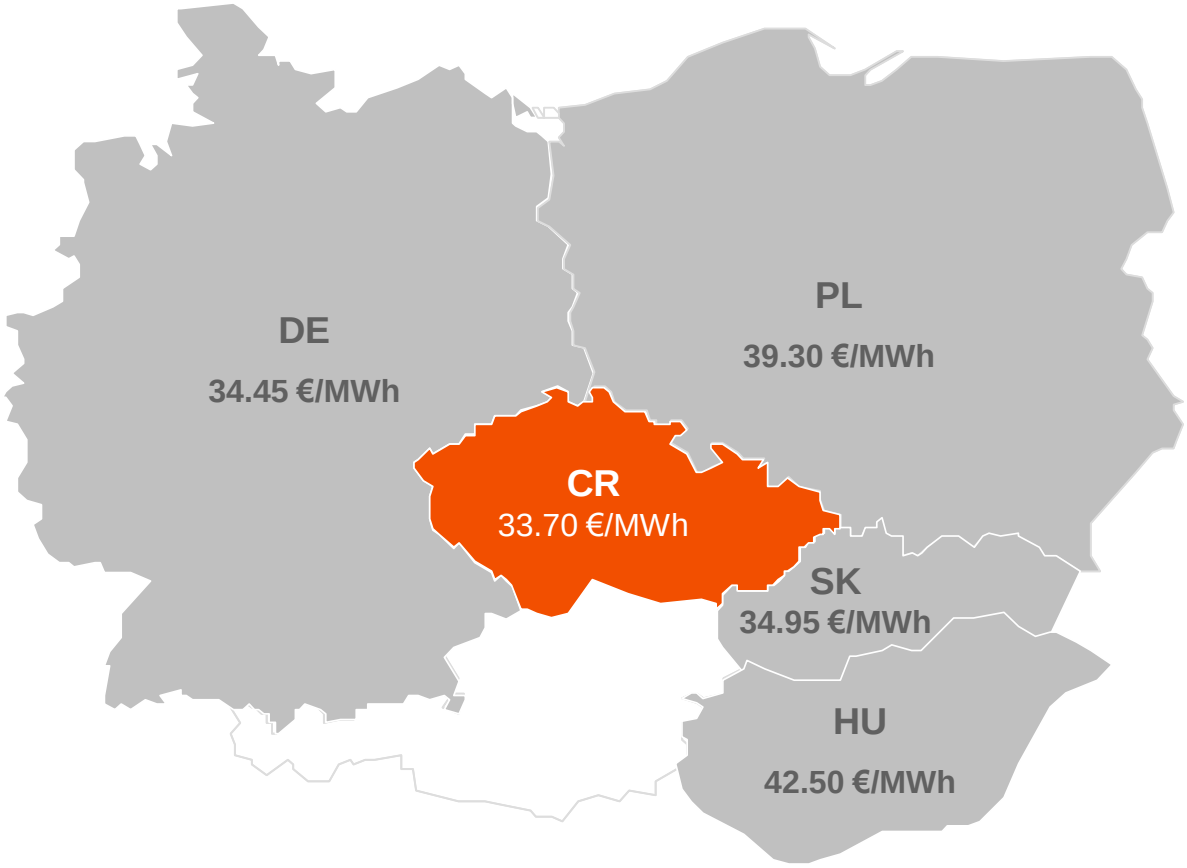


Oil Brent (USD/bl)



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 2015 as of May 22th, 2014

Source: EEX, PXE; PolPX

MODERNIZATION OF TUSIMICE AND CONSTRUCTION OF NEW UNIT IN LEDVICE IS PROGRESSING

Coal power plant Tusimice
Complex renewal (4 x 200 MWe)

- Gradual renewal (2+2 units)
- Increase in net efficiency to 39%
- Extension of service life until 2035
- Initiation of renewal: June 2, 2007
- Start of operation: Sep 2010 (2 units) and Nov 2011/Apr 2012 (2 units)

Coal power plant Ledvice
New supercritical unit (1 x 660 MWe)

- Advance construction of the power plant structures, main focus on the boiler
- Planned net efficiency 42.5%
- Expected service life 40 years
- Initiation of implementation: July 17, 2007
- Planned start of operation in December 2014

PREPARATION OF MODERNIZATION OF PRUNEROV AND OF CCGT POCERADY IS UNDERWAY

Coal power plant Prunéřov

Complex renewal (3 units x 250 MWe)

- Increase in net efficiency to above 39% (above 42% including heat supply)
- Extension of service life by 25 - 30 years
- Initiation of renewal: September 2012
- Planned start of operation in Q1 2015

CCGT Počerady

New construction (841 MW)

- Ongoing commissioning
- Tender process completed
- Expected net efficiency 57.4% (ISO)
- Expected service life 30 years
- Start of construction April 2011
- Planned start of operation in 2013/2014

ACTIVITIES ABROAD

CCGT Hatay (Egemer), Turkey

New construction (872 MW)

- Activities realized via JV Akenerji
- Civil works ongoing
- Expected service life 30 years
- Owner's engineer: Parsons Brinckerhoff
- EPC contract signed in December 2010
- Start of construction October 2011
- Planned commissioning in July 2014

HPP Kemah

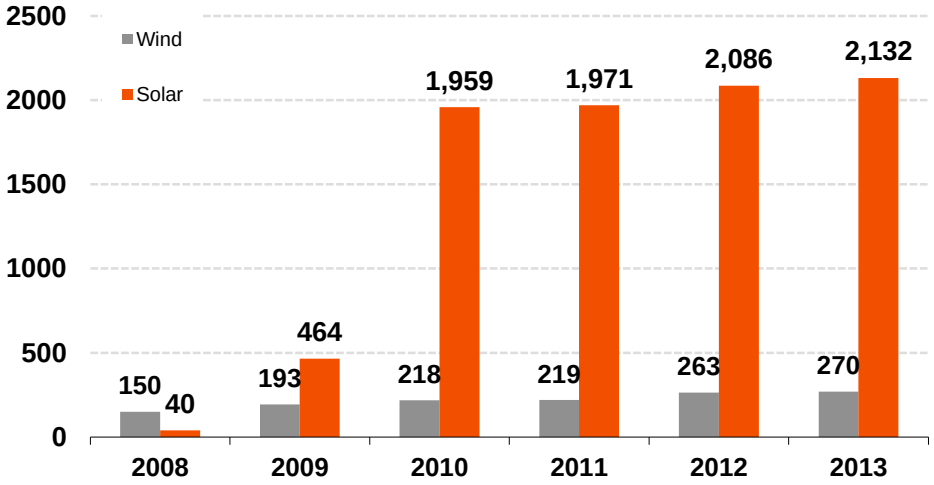
Pump storage (240 MW)

- Basic design in progress
- Topographical survey on Kemah gorge
- Geological survey completed

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)

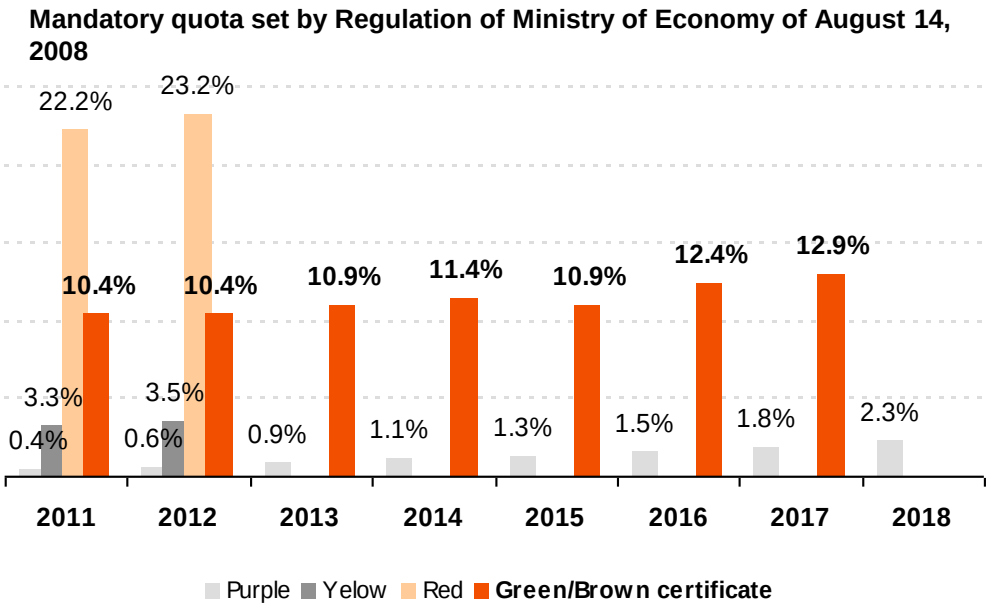


CZK/EUR=25.14

- 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



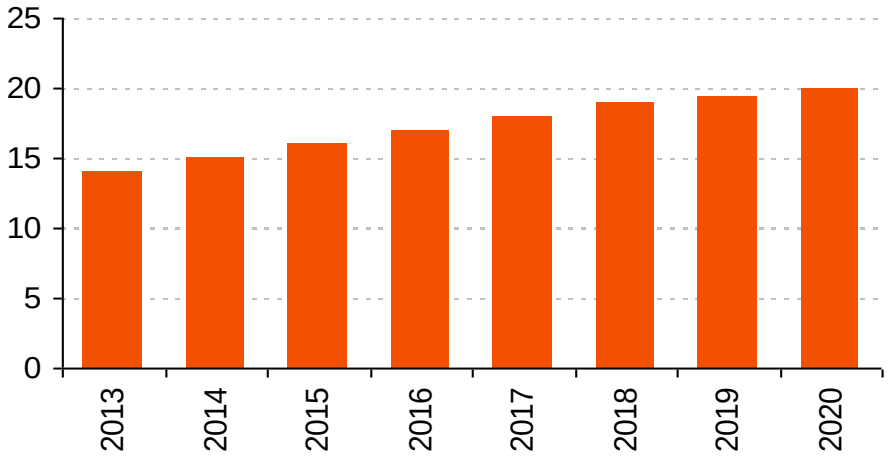
	Renewables/ biogas	Co-generation		
Prices in 2013 in EUR/MWh	**Green/Brown**	**Red**	**Yellow**	**Purple**
Substitute fee	71.7	7.2	35.9	14.4
Certificate of origin*	35	0.7	28.5	14.1

- 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)

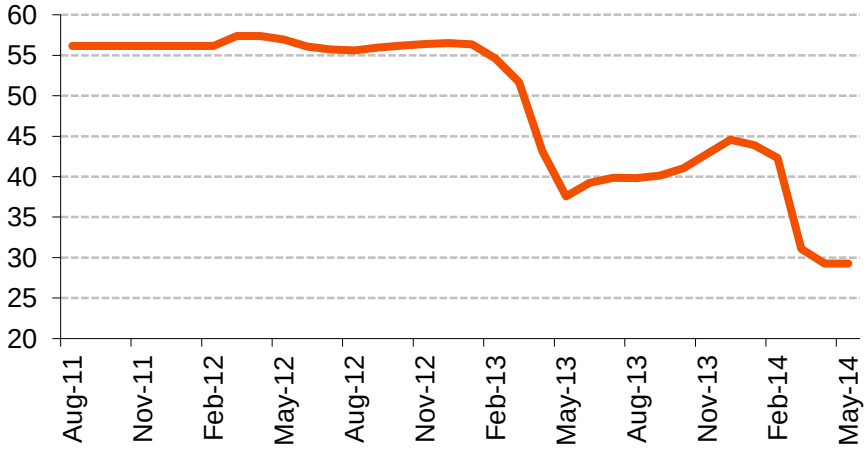
ex. rate 4.15 EUR/PLN for 2013, 4.18 EUR/PLN for 2012, * average prices from continuous trading in 2013, , ***payment in account of The National Fund of Environment Protection and Water Management

ROMANIA: RENEWABLES SUPPORT

Development of mandatory quota (%)*



Green certificates market clearing price (EUR/certificate)



*annual percentage of the gross national electricity consumption, source: ANRE, OPCOM

Support of renewables

- 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 obtaining second green certificate for wind farm producers until 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
- The mandatory quota has been increasing gradually, from 10 % in 2011 to 20% in 2020
- 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

OVERVIEW OF REGULATION OF DISTRIBUTION NETWORKS

	Czech Republic	Bulgaria	Romania
2014 RAB (local currency)	80,586 m	503 m	2,205 m
2014 RAB (€ m)	3,102	257	499
2014 WACC pre-tax	5.6% (nominal)	7% (nominal)	8.52% (real)
Regulatory period	2010-2015	2013-2018	2014-2018

CZK/EUR=25.974, BGN/EUR=1.96, RON/EUR=4.419

CZECH REPUBLIC: REGULATORY FRAMEWORK OF ELECTRICITY DISTRIBUTION

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) – 5.554% for 2013 (compared to 6.738% in 2012)
  - 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

- 2nd regulatory period: January 1, 2005 – December 31, 2009
- 3rd regulatory period: January1, 2010 – December 31, 2015
  (3rd regulatory period was extended by one year and will last 6 years)
- 4th regulatory period: expected to start from January 1, 2016 and end December 31, 2021

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

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) –7% for 3rd regulatory period
  - RAB set at € 257 m for 1-6 2014
  - CPI adjustment used for part of costs (OPEX) of EUR 55.5 m
  - Technical losses in 3nd regulatory period set by regulator at 8%
  - Efficiency factor introduced in 2nd regulatory period
  - Investment plan – approved by the regulator on yearly basis retrospective

Regulatory period

- 1st regulatory period October 1, 2005 – June 31, 2008
- 2nd regulatory period July 1, 2008 – June 31, 2013
- 3rd regulatory period July 1, 2013 – 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 is negligible.

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 8.52% in third regulatory period
- Working capital is 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

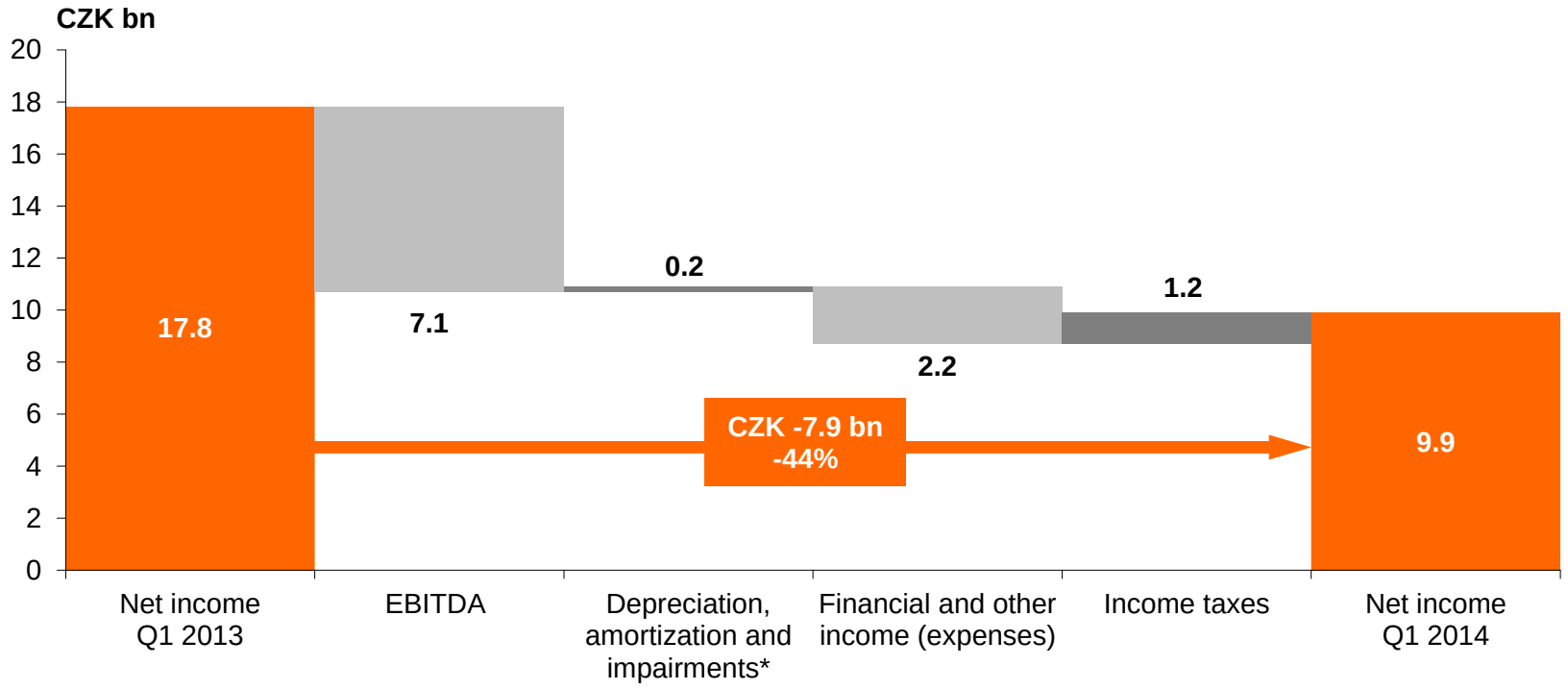
Regulatory periods

- 3rd regulatory period Jan 1, 2014 – Dec 31, 2018
- 2013 was a transitional year with OPEX efficiency -1.5%, CPT targets as in 2012, real pretax WACC of 8.52%

Liberalization

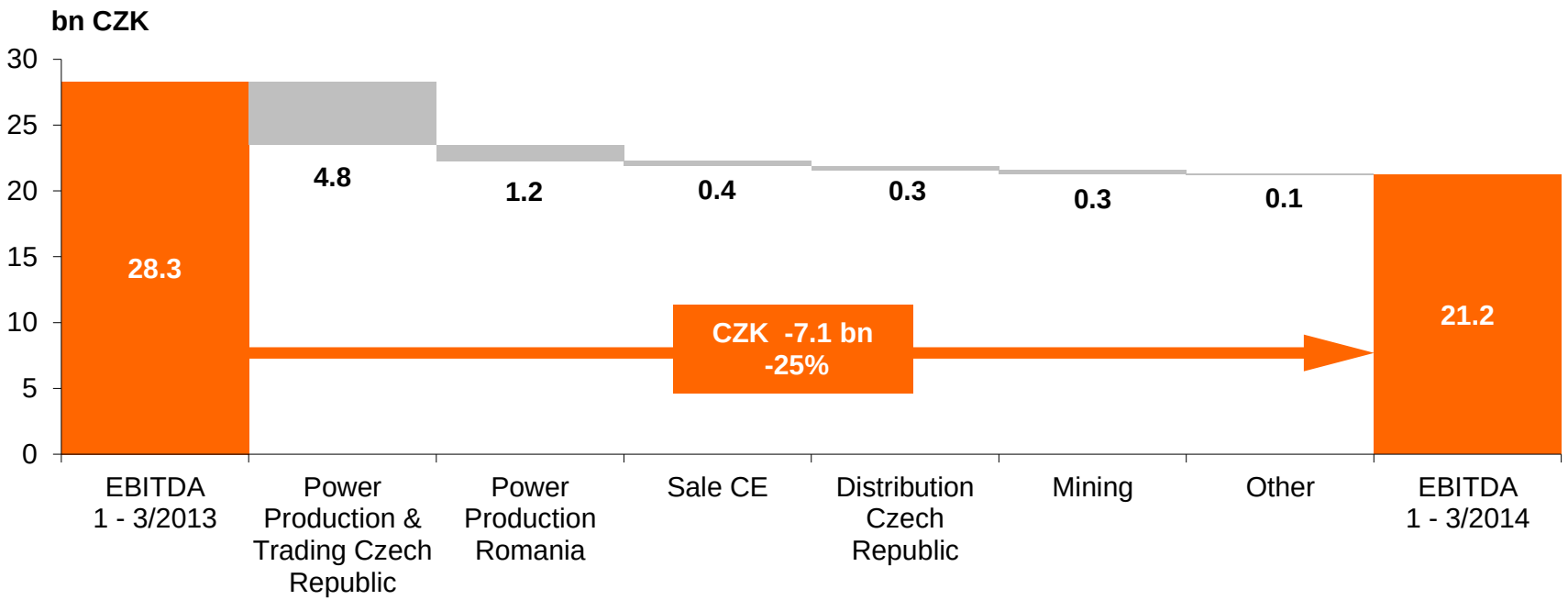
- Complete removal of regulated prices for industrial consumers by end 2013 and for residential consumers by 2017
- Starting January 2014, non-residential customers that benefit of Universal Service (US) are priced with 100% CPC tariff (free market component, endorsed by ANRE). The non-residential customers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



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

KEY DRIVERS OF YEAR-ON-YEAR CHANGE OF EBITDA



Power Production & Trading Czech Rep. (CZK -4.8 bn)

- Lower achieved prices of electricity (CZK -2.2 bn)
- Lower production volume (CZK -1.1 bn), especially at hydro plants due to lower rates of flow in 2014
- Extraordinary income from derivative operations with emission allowances (CER Gate) in 2013 (CZK -0.7 bn)

Power Production Romania (CZK -1.2 bn)

- Effect of lower market price, postponement of allocation and suspension of assignment of green certificates

Sales Central Europe (CZK -0.4 bn)

- Effect of above-average temperatures in the quarter

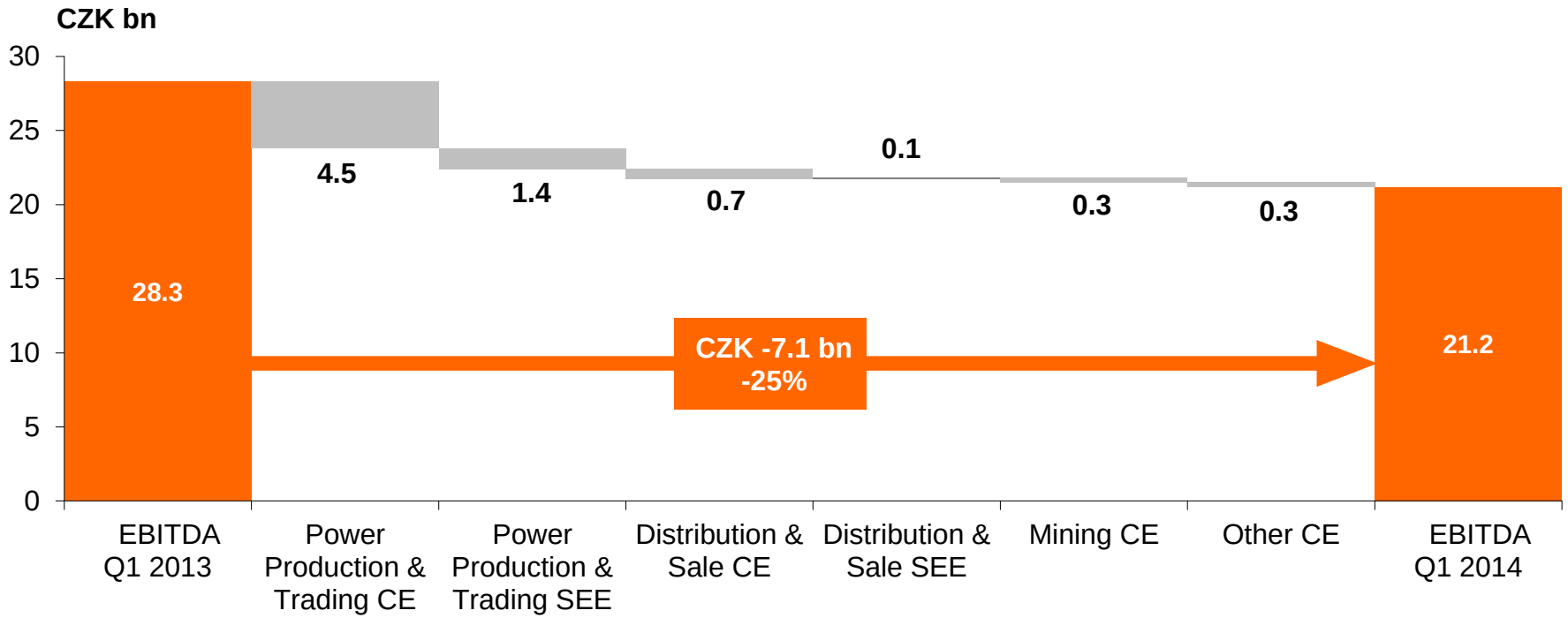
Distribution CZ (CZK -0.3 bn)

- Effect of correction factors from RESs and from reserved capacity

Mining (CZK -0.3 bn)

- Volumetric effect of above-average temperatures in the quarter

YEAR-ON-YEAR CHANGE OF EBITDA BY SEGMENT



CE – Central Europe SEE – Southeastern Europe

OTHER INCOME (EXPENSES)

(CZK bn)	Q1 2013	Q1 2014	Change	%
EBITDA	**28.3**	**21.2**	**-7.1**	**-25%**
Depreciation, amortization and impairments	**-7.0**	**-6.8**	**+0.2**	**+2%**
Financial and other income (expenses)	**0.2**	**-2.0**	**-2.2**	**-**
Interest income (expenses)	-0.8	-0.9	-0.1	-8%
Interest on nuclear and other provisions	-0.5	-0.5	0.0	-2%
Income (expenses) from investments	2.1	-0.1	-2.2	-
Other income (expenses)	-0.6	-0.5	+0.1	+17%
Income taxes	**-3.7**	**-2.5**	**+1.2**	**+33%**
Net income	**17.8**	**9.9**	**-7.9**	**-44%**

Depreciation, amortization and impairments* (CZK +0.2 bn)

- Reduced depreciation and amortization due to sale of Chvaletice Power Plant in 2013 (CZK +0.1 bn)
- Reduced depreciation and amortization in 2014 due to partial impairment of assets in Bulgaria in 2013 (CZK +0.1 bn)

Interest income (expenses) (CZK -0.1 bn)

- Decrease in interest income related to expiration of MOL share option and issue of convertible bond (CZK -0.2 bn)
- Decrease in interest expense, especially in relation to newly issued bonds with a lower coupon (CZK +0.1 bn)

Income (expenses) from investments (CZK -2.2 bn)

- Extraordinary one-off impact of excluding CEZ Shpërndarje from the consolidated CEZ Group in January 2013 (CZK -1.8 bn)
- Reduced income of Turkish associates mostly due to lower power generation at hydro plants and weakened Turkish lira (CZK -0.4 bn)

Other income (expenses) (CZK +0.1 bn)

- Y-o-y difference in revaluation of MOL options (CZK +0.5 bn), impact of consumption of emission allowances in 2013 burdened by gift tax (CZK +0.3 bn)
- Other (CZK -0.7 bn) – in particular financial derivatives and other exchange rate gains/losses

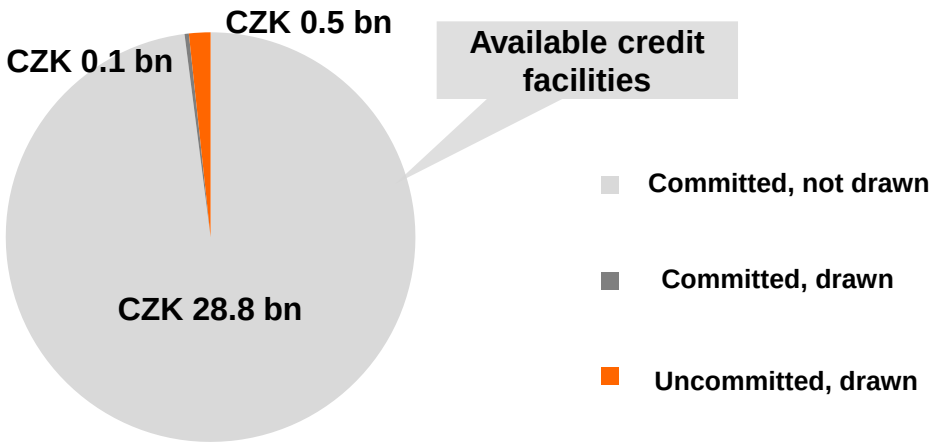
Income tax (CZK +1.2 bn)

- Lower tax reflects decreased income and effect of sale of Chvaletice Power Plant in 2013

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

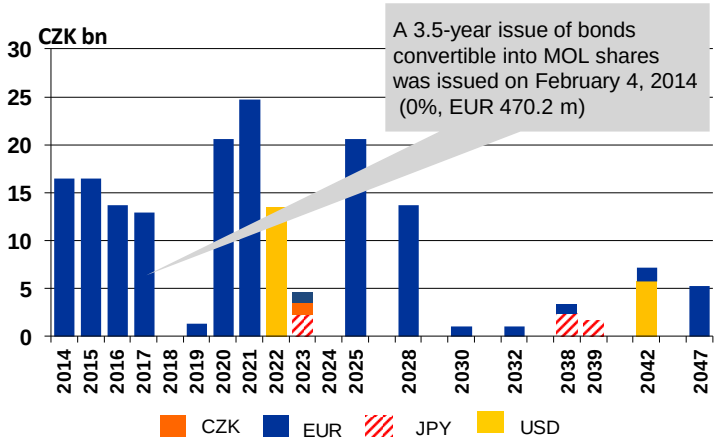
CEZ GROUP MAINTAINS A STRONG LIQUIDITY POSITION

Utilisation of short-term lines (as of March 31, 2014)



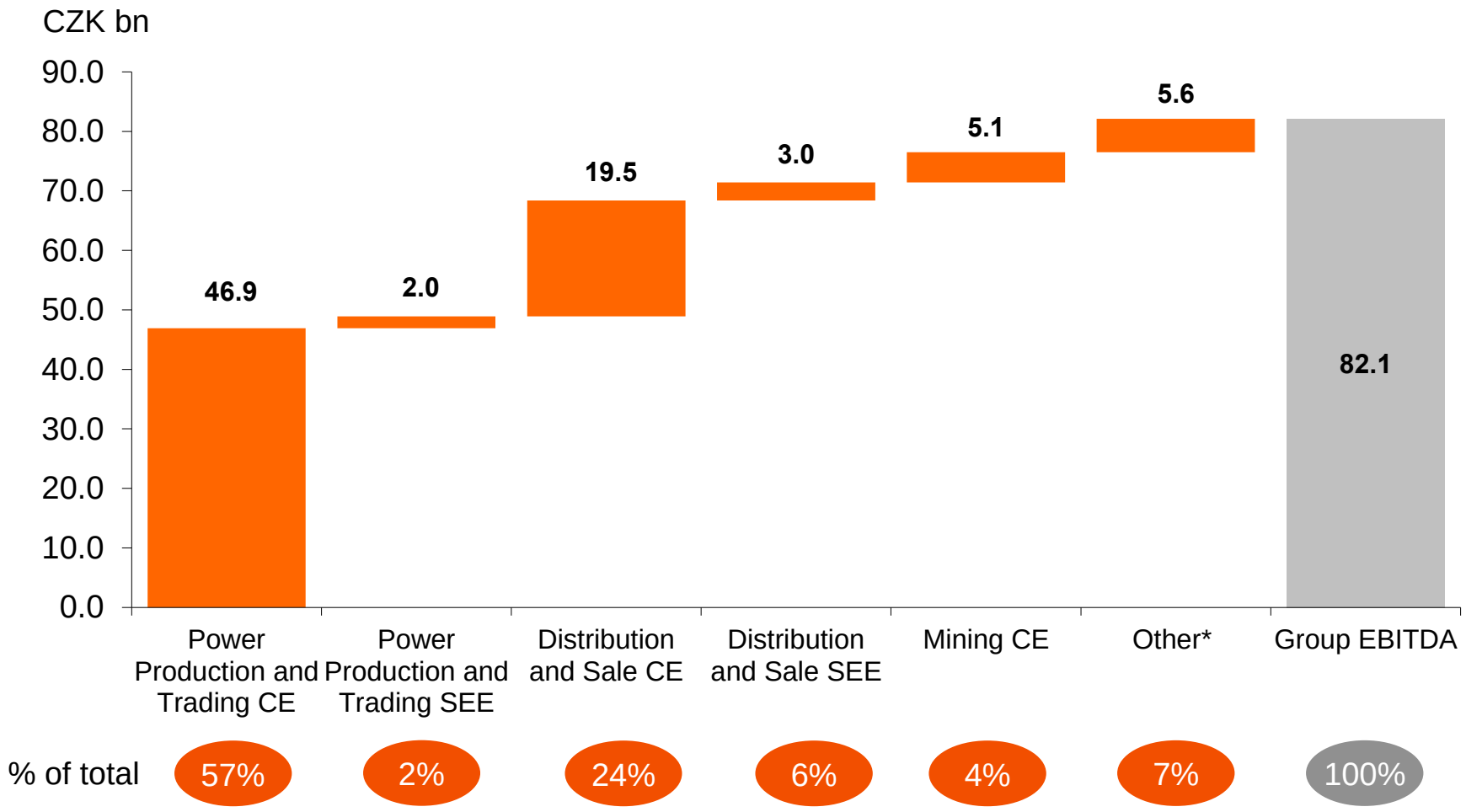
- The CEZ Group has access to CZK 28.9 bn in committed credit facilities, using just CZK 0.1 bn as of March 31, 2014
- Non-committed credit facilities are used primarily. Committed facilities are kept as a reserve for covering unexpected needs.

Bond maturity profile (as of Mar 31, 2014)



- On April 10, 2014, an early buyback of bonds worth face value EUR 300 m in total was conducted (buying back EUR 139.8 m worth of the 2015 issue and EUR 160.2 m worth of the 2016 issue).

SEGMENTAL CONTRIBUTIONS TO EBITDA IN 2013



*including eliminations

SELECTED HISTORICAL FINANCIALS OF CEZ GROUP

CZK

Profit and loss *CZK bn*	2008	2009	2010	2011	2012	2013
Revenues	184.0	196.4	198.8	209.8	215.1	217.3
Sales of electricity	165.3	173.5	175.3	181.8	186.8	189.7
Heat sales and other revenues	18.6	22.9	23.6	28.0	28.3	27.6
Operating Expenses	95.3	105.3	110.0	122.4	129.3	135.2
Purchased power and related services	41.7	48.2	54.4	65.9	71.7	78.9
Fuel	16.2	15.8	16.9	17.1	15.8	14.1
Salaries and wages	17.0	18.1	18.7	18.1	18.7	18.7
Other	20.5	23.3	20.0	21.3	23.1	23.5
EBITDA	**88.7**	**91.0**	**88.8**	**87.4**	**85.8**	**82.1**
EBITDA margin	*48%*	*46%*	*45%*	*42%*	*40%*	*38%*
Depreciation, amortization, impairments	22.1	26.2	26.9	26.2	28.9	36.4
EBIT	**66.7**	**64.9**	**62.0**	**61.3**	**57.1**	**45.8**
EBIT margin	*36%*	*33%*	*31%*	*29%*	*27%*	*21%*
Net Income	47.4	51.9	46.9	40.8	40.2	35.2
Net income margin	*26%*	*26%*	*24%*	*19%*	*19%*	*16%*

Balance sheet *CZK bn*	2008	2009	2010	2011	2012	2013
Non current assets	346.2	415.0	448.3	467.3	494.9	486.5
Current assets	126.9	115.3	96.1	131.0	141.2	154.6
- out of that cash and cash equivalents	17.3	26.7	22.2	22.1	18.0	25.1
Total Assets	**473.2**	**530.3**	**544.4**	**598.3**	**636.1**	**641.1**
Shareholders equity (excl. minority. int.)	173.3	200.4	221.4	226.8	250.2	258.1
Return on equity	*27%*	*28%*	*22%*	*18%*	*17%*	*14%*
Interest bearing debt	193.5	173.1	158.5	182.0	192.9	183.8
Other liabilities	106.4	156.8	164.4	189.4	192.9	199.2
Total liabilities	**473.2**	**530.3**	**544.4**	**598.3**	**636.1**	**641.1**

SELECTED HISTORICAL FINANCIALS OF CEZ GROUP

EUR

Profit and loss *EUR m*	2008	2009	2010	2011	2012	2013
Revenues	7,082	7,560	7,656	8,076	8,281	8,365
Sales of electricity	6,365	6,680	6,748	6,999	7,192	7,302
Heat sales and other revenues	718	880	907	1,077	1,089	1,063
Operating Expenses	3,668	4,056	4,237	4,713	4,977	5,206
Purchased power and related services	1,604	1,855	2,093	2,536	2,759	3,037
Fuel	623	608	652	660	610	542
Salaries and wages	653	697	721	697	720	721
Other	788	895	771	820	888	906
EBITDA	**3,415**	**3,504**	**3,419**	**3,363**	**3,304**	**3,159**
EBITDA margin	*48%*	*46%*	*45%*	*42%*	*40%*	*38%*
Depreciaiton	851	1,008	1,036	1,010	1,112	1,400
EBIT	**2,567**	**2,500**	**2,386**	**2,358**	**2,198**	**1,762**
EBIT margin	*36%*	*33%*	*31%*	*29%*	*27%*	*21%*
Net Income	1,823	1,996	1,807	1,569	1,546	1,357
Net income margin	*26%*	*26%*	*24%*	*19%*	*19%*	*16%*

Balance sheet *EUR m*	2008	2009	2010	2011	2012	2013
Non current assets	13,330	15,976	17,259	17,991	19,054	18,731
Current assets	4,887	4,439	3,700	5,044	5,435	5,953
- out of that cash and cash equivalents	666	1,029	853	849	691	967
Total Assets	**18,217**	**20,415**	**20,958**	**23,035**	**24,489**	**24,684**
Shareholders equity (excl. minority. int.)	6,670	7,714	8,525	8,733	9,634	9,936
Return on equity	*27%*	*28%*	*22%*	*18%*	*17%*	*14%*
Interest bearing debt	7,451	6,664	6,102	7,008	7,428	7,078
Other liabilities	4,096	6,037	6,331	7,294	7,426	7,670
Total liabilities	**18,217**	**20,415**	**20,958**	**23,035**	**24,489**	**24,684**

Exchange rate used:
25.974 CZK/EUR

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