PRESENTATION ON CEZ GROUP FINANCIAL RESULTS IN H1 2017

NON-AUDITED CONSOLIDATED RESULTS
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

August 8, 2017

AGENDA

Financial Highlights and Selected Events

Financial Results

Market Position

H1 2017 FINANCIAL HIGHLIGHTS

Q2 2017

- **EBITDA** decreased by 6% year-on-year to **CZK 12.3bn.**
- **Operating revenues** increased by 2% year-on-year to **CZK 48.1bn.**
- **Net income** increased by 108% year-on-year to **CZK 8.0bn.**
- **Adjusted net income** increased by 70% year-on-year **to CZK 8.2bn.**

H1 2017

- **EBITDA** decreased by 5% year-on-year to **CZK 31.3bn.**
- **Operating revenues** increased by 2% year-on-year to **CZK 100.9bn.**
- **Net income** increased by 21% year-on-year to **CZK 16.7bn.**
- **Adjusted net income** increased by 15% year-on-year to **CZK 17.0bn.**

* The values of adjusted net income exclude selected effects that are generally unrelated to ordinary financial performance in a given year (especially fixed asset impairments) – see the annex for a detailed indicator definition and calculation method.

OUR DEVELOPMENT STRATEGY IS SUCCESSFULLY BEING IMPLEMENTED; WE HAVE MADE THREE IMPORTANT ACQUISITIONS

We entered the German market in ESCO services by acquiring ELEVION

- The company specializes in the installations, modernizations, and reconstructions of energy facilities in commercial and industrial buildings.
- The company's annual sales are about CZK 8bn.
- CEZ Group is acquiring more than 1,800 experts and thus a key basis for Germany's dynamically growing ESCO market.

We expanded our wind portfolio in Germany and entered France

- We entered France's RES market by acquiring development projects for 9 wind parks with a planned capacity of up to 101.8 MW. We expect connection to the grid and the first revenues in 2019–2022.
- We made another acquisition in Germany: 14 operated wind turbines with a total installed capacity of 35.4 MW in Rhineland-Palatinate. The total capacity of our German wind installations will thus be 133.5 MW.

SAFETY OF OUR NUCLEAR POWER PLANTS AND COMPLIANCE WITH SONS' CONDITIONS IS OUR PERMANENT PRIORITY

As of June 1 we established a separate Nuclear Power division

- Bohdan Zronek, currently the director of the Temelín NPP and a new member of the Board of Directors of ČEZ, a. s. since May 18, became head of the new division.
- The organizational units of Temelín NPP, Dukovany NPP, and relevant central functions will be transferred from the existing Generation division to the separate division as of September 1. The purview of the new division will include ČEZ Energoservis, ÚJV Řež, and other relevant subsidiaries.
- The new Nuclear Power division will also be responsible for preparing new nuclear units at Dukovany and Temelín.
- The reason for the organizational change is to further enhance focus on the safety of nuclear power plants and compliance with the amended Atomic Energy Act.

The long-term operation licensing process for the Dukovany NPP continues as planned

- The operating license for an unlimited period of time for Unit 2, granted by SONS, became effective on July 11
- An application for operating licenses for Units 3 and 4 for after 2017 was submitted to SONS on June 30

Completion of the first ever WANO Corporate Mission, an international review focusing on corporate processes in management and administration NPP

- On May 14–23, ČEZ successfully underwent a WANO Corporate Mission, which reviewed corporate processes especially in headquarters management and administration, support of performance, communication, and human resources
- The mission acknowledged 2 good practices and recommended 2 areas for improvement

 NPP—nuclear power plant; SONS—State Office for Nuclear Safety; WANO - World Association of Nuclear Operators

CEZ GROUP COMPLETED THE CONSTRUCTION OF A UNIQUE FACILITY FOR NUCLEAR POWER RESEARCH & DEVELOPMENT

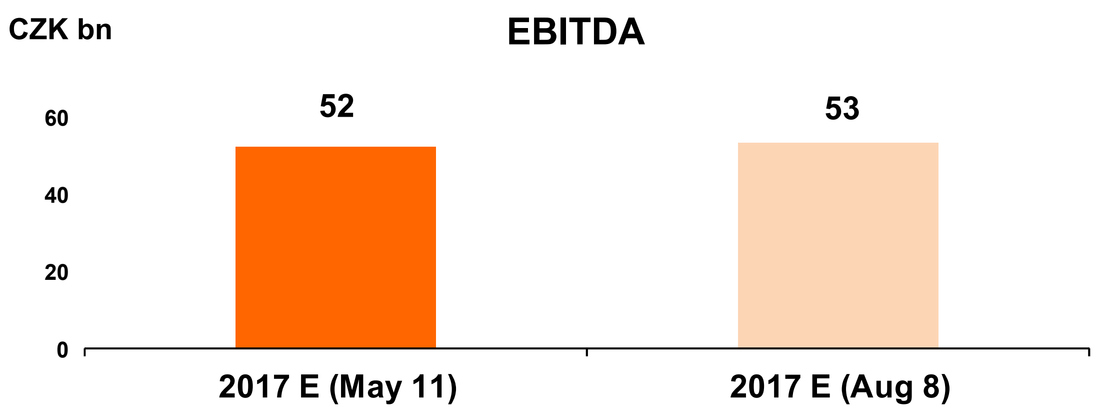
Centrum výzkumu Řež completed the construction part of the SUSEN (SUStainable ENergy) project

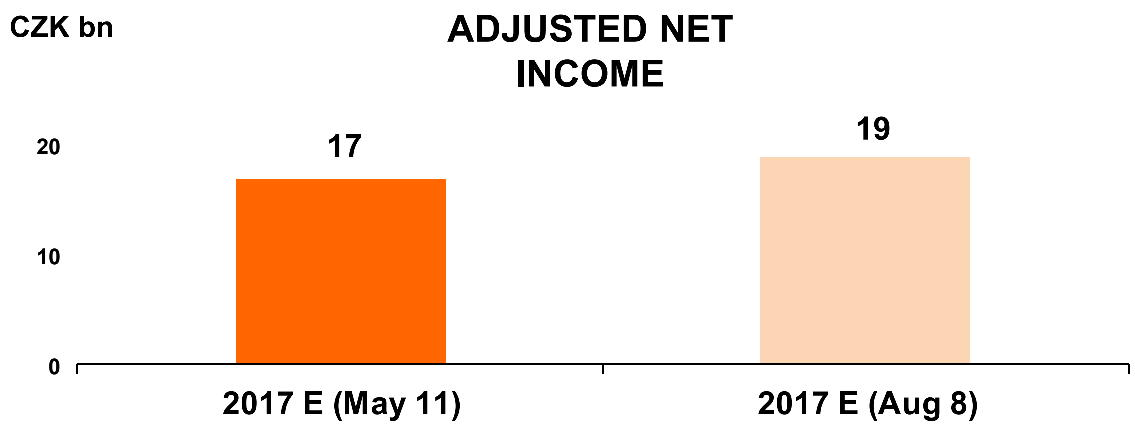
- The experimental nuclear research infrastructure costing more than CZK 2.1bn was built with support from EU Structural Funds and Czechia's national budget (Research, Development, and Innovation and Research, Development, and Education programs)

The new infrastructure of European significance greatly expands the R&D capabilities of Czech nuclear technology research by:

- Hot cells for working with high-activity samples
- Experimental loops for research into the properties of nuclear reactor materials and coolants
- Equipment for modeling conditions occurring in nuclear reactors during loss-of-coolant accidents (LOCA)
- Equipment for testing fusion reactor primary walls
- Material testing lab for tests under extreme conditions

WE INCREASE OUTLOOK FOR EBITDA AT CZK 53 BN AND ADJUSTED NET INCOME TO CZK 19 BN





Reasons for improved outlook in comparison with estimate from May 11, 2017:

- Higher gross margin on generation and trading in Czechia
- Effect of out-of-court settlement agreement between CEZ Elektro Bulgaria and state-owned energy company NEK concerning RES receivables
- Lower estimated depreciation and amortization and other effects below operating income

Outlook risks and opportunities:

- Availability of generating facilities in Czechia
- Changes in regulatory and legislative conditions for the energy sector in Europe

The values of adjusted net income exclude extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as fixed asset impairments and goodwill amortization).

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CEZ GROUP FINANCIAL RESULTS

(CZK bn)	Q1 - Q2 2016	Q1 - Q2 2017	Change	%
Revenues	98.9	100.9	+2.0	+2%
EBITDA	33.1	31.3	-1.8	-5%
EBIT	18.0	17.2	-0.8	-4%
Net income	13.8	16.7	+2.9	+21%
Net income - adjusted *	14.8	17.0	+2.2	+15%
Operating CF	25.9	23.6	-2.3	-9%
CAPEX	13.3	11.9	-1.4	-10%
Net debt **	124.4	119.4	-5.0	-4%

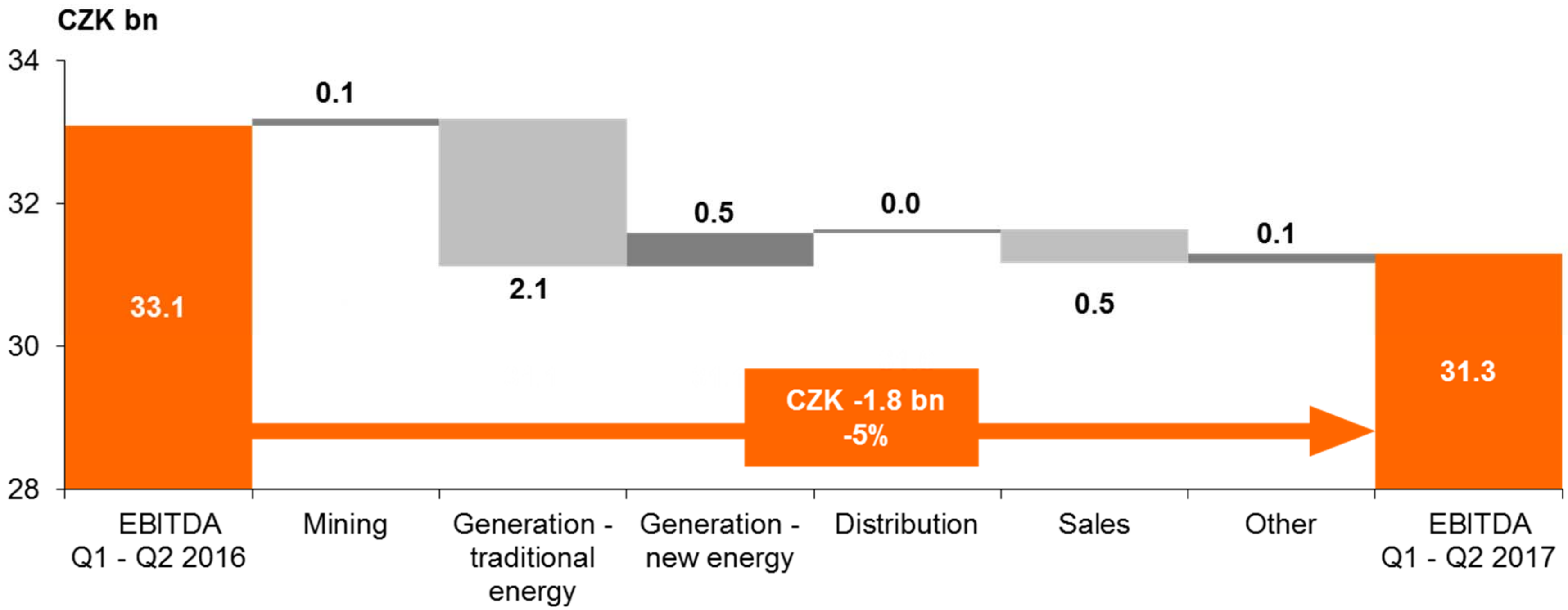
		Q1 - Q2 2016	Q1 - Q2 2017	Change	%
Installed capacity **	GW	15.9	15.4	-0.5	-3%
Generation of electricity	TWh	31.8	31.8	0.0	0%
Electricity distribution to end customers	TWh	25.5	26.6	+1.1	+4%
Electricity sales to end customers	TWh	18.6	18.9	+0.3	+2%
Sales of natural gas to end customers	TWh	4.2	5.4	+1.2	+28%
Sales of heat	000´TJ	13.4	13.7	+0.3	+2%
Number of employees **	000´s	26.1	26.9	+0.9	+3%

* Adjusted net income = Net income adjusted for extraordinary effects that are generally unrelated to ordinary financial performance in a given year (such as fixed asset impairments and goodwill amortization).

** As at the last date of the period

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

YEAR-ON-YEAR CHANGE IN EBITDA BY SEGMENT



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SEGMENT: GENERATION—TRADITIONAL ENERGY

EBITDA (CZK bn)	Q1 - Q2 2016	Q1 - Q2 2017	Change	%
Czechia	14.1	12.2	-1.9	-14%
Poland	0.7	0.6	-0.1	-16%
Other states	0.0	0.0	0.0	+3%
Generation - traditional energy	**14.8**	**12.7**	**-2.1**	**-14%**

Czechia (CZK -1.9bn)

- Lower realization prices of generated electricity, including the effect of hedges (CZK -1.8bn)
- Lower profit on commodity trading (CZK -0.3bn)
- Lower revenue from ancillary services (CZK -0.2bn)
- Change in amount and structure of generation (CZK -0.1bn), primarily longer outages at Temelín NPP
- Effect of settlement agreement with Sokolovská uhelná (CZK +0.7bn)
- Other effects (CZK -0.2bn), primarily revaluation of derivatives

Poland (CZK -0.1bn)

- Primarily lower generation due to lower utilization of certificates (lower volume of biomass co-firing) and due to stricter emission ceilings for NO_x

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SEGMENT: GENERATION—NEW ENERGY

EBITDA (CZK bn)	Q1 - Q2 2016	Q1 - Q2 2017	Change	%
Czechia	1.0	1.0	+0.1	+5%
Romania	0.9	1.1	+0.2	+21%
Germany	0.0	0.2	+0.2	-
Other states	0.0	0.0	0.0	+81%
Generation - new energy	**1.9**	**2.3**	**+0.5**	**+25%**

Czechia (CZK +0.1bn)

- Settlement of provisions in relation to OTE's decision on change in tariffs for a portion of the photovoltaic power plant portfolio

Romania (CZK +0.2bn)

- Primarily higher amount of generation at Fântânele and Cogealac wind farms (due to generation restrictions imposed by the transmission system operator in 2016)

Germany (CZK +0.2bn)

- Effect of new wind turbines purchased by CEZ Group in late 2016

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SEGMENT: DISTRIBUTION

EBITDA (CZK bn)	Q1 - Q2 2016	Q1 - Q2 2017	Change	%
Czechia	8.5	8.5	0.0	0%
Romania	0.9	0.9	0.0	-3%
Bulgaria	0.6	0.7	+0.1	+19%
Distribution	**10.0**	**10.0**	**0.0**	**0%**

Bulgaria (CZK +0.1bn)

- Higher margin on distributed electricity, primarily due to higher amount of electricity distributed to end-use customers

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SEGMENT: SALES

EBITDA (CZK bn)	Q1 - Q2 2016	Q1 - Q2 2017	Change	%
Czechia	2.7	2.3	-0.4	-15%
Romania	0.2	0.1	-0.1	-68%
Bulgaria	0.2	0.6	+0.4	>200%
Other states	0.2	-0.2	-0.3	-
Sales	**3.2**	**2.7**	**-0.5**	**-15%**

Czechia (CZK -0.4bn)

- Higher fixed costs, primarily in relation to separation of service for ČEZ Distribuce and ČEZ Prodej (CZK -0.3bn)
- Higher additions to provisions for receivables from electricity and gas sales (CZK -0.1bn)
- Higher gross margin on gas sales due to lower purchasing costs and greater volume of sales (CZK +0.1bn)

Romania (CZK -0.1bn)

- Lower gross margin, primarily due to higher electricity purchasing costs (CZK -0.1bn)

Bulgaria (CZK +0.4bn)

- Effect of out-of-court settlement agreement made between CEZ Elektro Bulgaria and state-owned energy company NEK in 2017 concerning RES receivables

Other Countries (CZK -0.3bn)

- Primarily lower gross margin of CEZ Slovensko and CEZ Hungary due to higher purchasing costs of electricity and gas

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

MINING & OTHER SEGMENTS

EBITDA (CZK bn)	Q1 - Q2 2016	Q1 - Q2 2017	Change	%
Czechia	2.0	2.1	+0.1	+4%
Mining	**2.0**	**2.1**	**+0.1**	**+4%**

Mining (CZK +0.1bn)

- Higher revenue from coal sales, primarily due to higher demand for sorted coal by external customers

EBITDA (CZK bn)	Q1 - Q2 2016	Q1 - Q2 2017	Change	%
Czechia	1.2	1.3	+0.1	+6%
Romania	0.0	0.1	0.0	+97%
Other states	0.0	0.0	0.0	-
Other	**1.2**	**1.4**	**+0.1**	**+11%**

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

OTHER INCOME (EXPENSES)

(CZK bn)	Q1 - Q2 2016	Q1 - Q2 2017	Change	%
EBITDA	33.1	31.3	-1.8	-5%
Depreciation, amortization and impairments*	**-15.1**	**-14.1**	**+1.0**	**+7%**
Other income (expenses)	**-0.9**	**2.2**	**+3.1**	**-**
Interest income (expenses)	-0.9	-1.7	-0.7	-76%
Interest on nuclear and other provisions	-0.7	-0.8	-0.1	-9%
Income (expenses) from investments and securities	0.7	4.8	+4.1	>200%
Other	0.1	-0.1	-0.2	-
Income taxes	**-3.3**	**-2.8**	**+0.5**	**+16%**
Net income	13.8	16.7	+2.9	+21%
Net income - adjusted	**14.8**	**17.0**	**+2.2**	**+15%**

Depreciation, Amortization, and Impairments* (CZK +1.0bn)

- Nonrecurrent income from sale of properties in Prague in 2017 (CZK +1.1bn)
- Higher depreciation and amortization (CZK -0.8bn), primarily due to inclusion of renovated Prunéřov power plant in assets in 2016
- Higher fixed asset impairments in 2016 (CZK +0.7bn)

Other Income (Expenses) (CZK +3.1bn)

- Effect of termination of MOL stockholding (CZK +4.4bn); overall effect of sale of MOL stock, including related operations, on H1 2017 profits was CZK +4.6bn and total H1 2016 profits were CZK +0.2bn
- Higher interest expenses due to lower interest capitalization after renovation of Prunéřov power plant in 2016 (CZK -0.7bn)
- Other effects (CZK -0.6bn), primarily revaluation of financial derivatives

Net Income Adjustment

- *H1 2017 net income adjusted for the negative effect of fixed asset impairments in Poland (CZK +0.2bn) and partial goodwill write-off in Turkey (CZK +0.1bn)***
- *H1 2016 net income adjusted for the negative effect of fixed asset impairments in Romania (CZK +1.0bn)*

* Including profit/loss from sales of tangible and intangible fixed assets
** Reported under Income (Expenses) from Investments and Securities

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NEW ACQUISITIONS OF WIND TURBINES IN GERMANY AND PROJECTS IN FRANCE WILL HELP US ACHIEVE OUR STRATEGIC AMBITION FOR 2020 (+EBITDA CZK 3BN IN RES)

We enter the wind energy market in France

- Acquisition of projects for 9 wind farms in a late development stage in six regions with a target installed capacity of up to 101.8 MW
- All the farms have purchasing prices guaranteed for 15 years
- Possibility to optimize turbine purchases and simultaneously influence construction parameters
- We expect connection to the grid and first revenues in 2019 to 2022
- The seller is ABO wind, a renowned development company

Acquisition of another operated wind farm in Germany

- 14 operated turbines with a total installed capacity of 35.4 MW
- Operating support in the form of a 20-year feed-in tariff
- The wind farm is located in western Germany (Lettweiler Höhe near Rehborn in Rhineland-Palatinate)
- The seller is KGAL, a renowned German RES fund

This is raising CEZ Group's total capacity at wind farms in 2017 to 769.9 MW

- The total **installed capacity of operated German farms is 133.5 MW** (12.8 MW at the Fohren-Linden park, 85.25 MW at parks from wpd's portfolio, and 35.4 MW at the latest acquisition in Rhineland-Palatinate). There are 53 wind turbines in total.
- ČEZ acquisitions to date generate the potential for fulfilling already 28% of the financial target for RES strategic development until 2020—achieving additional* 2020 EBITDA of CZK 3bn.

CEZ Group wind installations in Germany:

* EBITDA beyond the Business Plan for 2020 (prepared in 2015)

 Completion of the transactions is subject to approval by relevant competition authorities; RES—renewable energy sources

ČEZ ENTERS THE DYNAMIC GERMAN MARKET IN ESCO SERVICES BY ACQUIRING SUCCESSFUL COMPANY ELEVION

Elevion Gruppe

- ELEVION, a well-established brand in the German ESCO market
- One of the largest providers of comprehensive energy services in Germany, focusing especially on:
  - Buildings' electrical facilities - automation, communications systems, voltage, batteries
  - Buildings' mechanical facilities - ventilation, heating, cooling, cogeneration
  - Buildings' engineering facilities - engineering services and maintenance, control systems
- Has over 1,800 employees and is present in 36 localities
- Completes 4,000 ESCO projects a year
- Its client base consists of major multinational corporations in the aviation, automotive, food, health-care, or technology industries
- The seller is Deutsche Private Equity, which acquired a holding in Elevion in 2011

 Completion of the transaction is subject to approval by relevant competition authorities.

THE GERMAN ACQUISITION IS A MAJOR STEP TOWARD FULFILLING OUR STRATEGIC AMBITIONS IN ESCO

Having acquired the ELEVION group, CEZ Group more than doubled the number of its experts in ESCO services and already generates annual sales of approx. CZK 13bn today.

Indicative values today*	ČEZ ESCO (Czechia)	ELEVION (Germany)	ESCO TOTAL
ANNUAL SALES	Approx. CZK 5bn	Approx. CZK 8bn	Approx. CZK 13bn
Past sales growth (incl. acquisitions)	Almost 60% annually on average in the past 2 years	30% annually on average in the past 5 years	N/A
EBITDA/SALES	6%–7%	5%–6%	Over 6%
ASSETS	Approx. CZK 5bn	Approx. CZK 3bn	Approx. CZK 8bn
EMPLOYEE HEADCOUNT	Approx. 1,300	Over 1,800	Over 3,100

The potential for CEZ Group's dynamic growth in ESCO is amplified by the EU countries' commitment to major energy savings by 2030.

- We estimate investment costs needed for the fulfilment of the EU energy efficiency directive until 2030 (derived from GDP growth) at **approx. EUR 600bn in Germany** and **approx. CZK 700bn in Czechia**.
- However, high demand for ESCO services in the future is primarily guaranteed by attractiveness for customers: **projects effectively pay for themselves from savings (they do not need subsidies)** and new technologies provide customers with greater comfort and modern functionalities.

* Data for Elevion correspond to actual figures from July 2016 to June 2017, adjusted for specific effects; data for Czechia correspond to the 2017 estimate. Globally, they are indicative values aimed to illustrate the size of the ESCO portfolio.

SELECTED EVENTS IN THE SALES SEGMENT

ČEZ Prodej customers have already purchased 300 rooftop photovoltaic installations

ČEZ Prodej has offered household photovoltaic installations since November 2015. The offer was taken up by 152 customers by the end of 2016.

Besides turnkey photovoltaic installations, ČEZ Prodej offers investment funding and help with subsidy paperwork and now also electricity storage systems based on state-of-the-art Sonnen batteries.

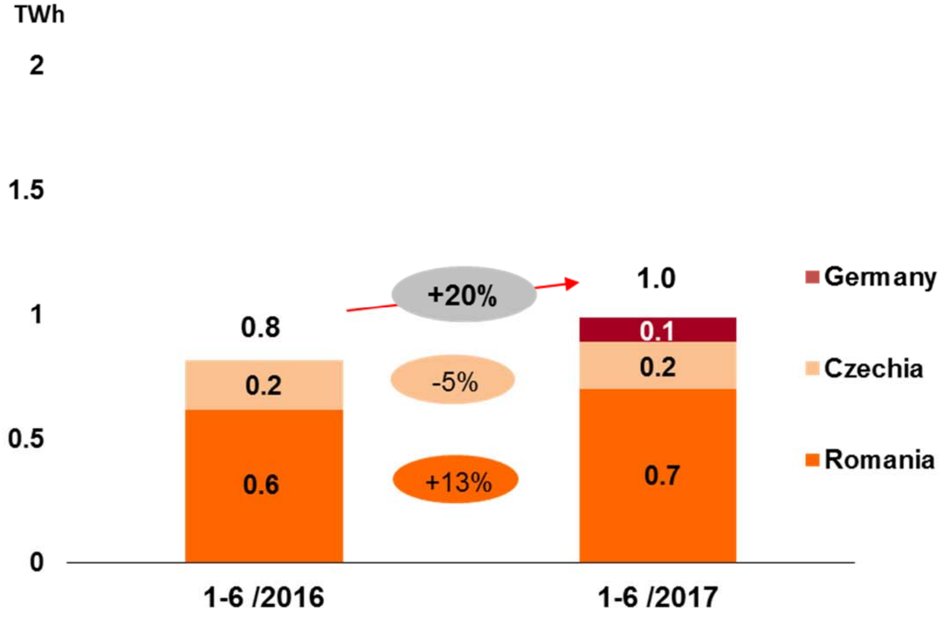
The ESCO group implements advanced solutions and continues to develop noncommodity products:

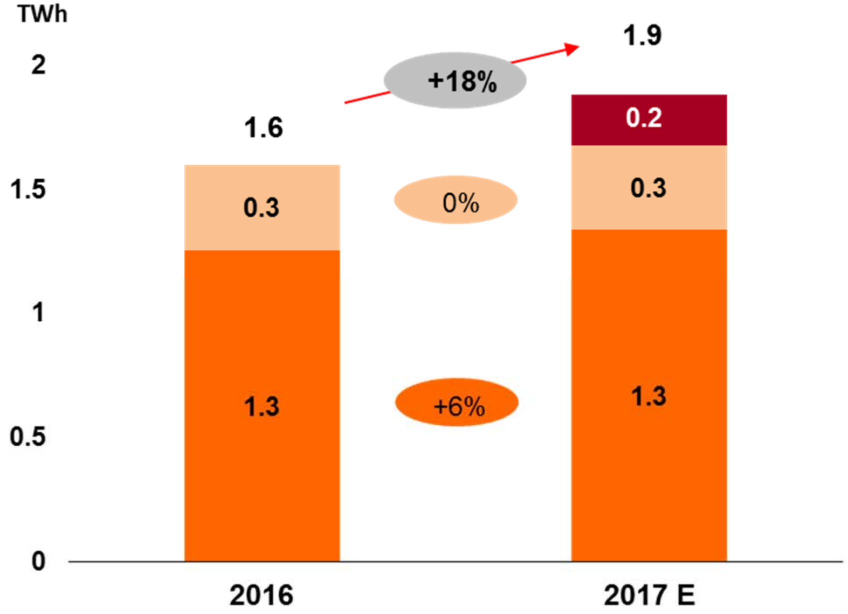
It won a **prestigious contract for the construction of a Jaguar Land Rover** plant in Slovakia (designing and building air-conditioning in a kilometer-long assembly hall). This contract, worth approx. CZK 0.2bn, is one of the biggest in the history of both AZ KLIMA and ČEZ ESCO.

It successfully completed a heating **modernization project for ArcelorMittal** at Válcovny plechu (Cold Rolling) in Frýdek-Místek, where a coal-fired heating plant from 1961 was replaced with eight boiler plants fuelled by natural gas. This contract, worth approx. CZK 0.1bn, helped reduce emissions, noise, and the amount of produced waste.

A new subsidiary, **ČEZ Bytové domy**, was established on July 14 to provide custom-tailored energy solutions to housing cooperatives and homeowner associations. It will provide customers with savings in the costs of electricity, heating, and hot water using advanced technology (such as photovoltaic installations with batteries, condensing gas boiler installations, air-conditioning, or smart electricity meters).

GENERATION–NEW ENERGY





Germany
+ Acquisition of wind parks (Fohren-Linden and from wpd's portfolio) at the end of 2016

Czechia (-5%)
- Effect of climatic conditions, lower generation at small hydroelectric power plants partially offset by higher deliveries from photovoltaic power plants

Romania (+13%)
+ Better weather conditions and absence of generation restrictions imposed by the semi-state-owned transmission system operator in order to regulate the transmission grid

Germany
+ Acquisition of wind parks (Fohren-Linden and from wpd's portfolio) at the end of 2016.

Note: The chart does not include estimated generation from the acquisition of wind parks in Rhineland-Palatinate, which is subject to approval by competition authorities.

Romania (+6%)
+ Better weather conditions and expected absence of generation restrictions imposed by the semi-state-owned transmission system operator in order to regulate the transmission grid

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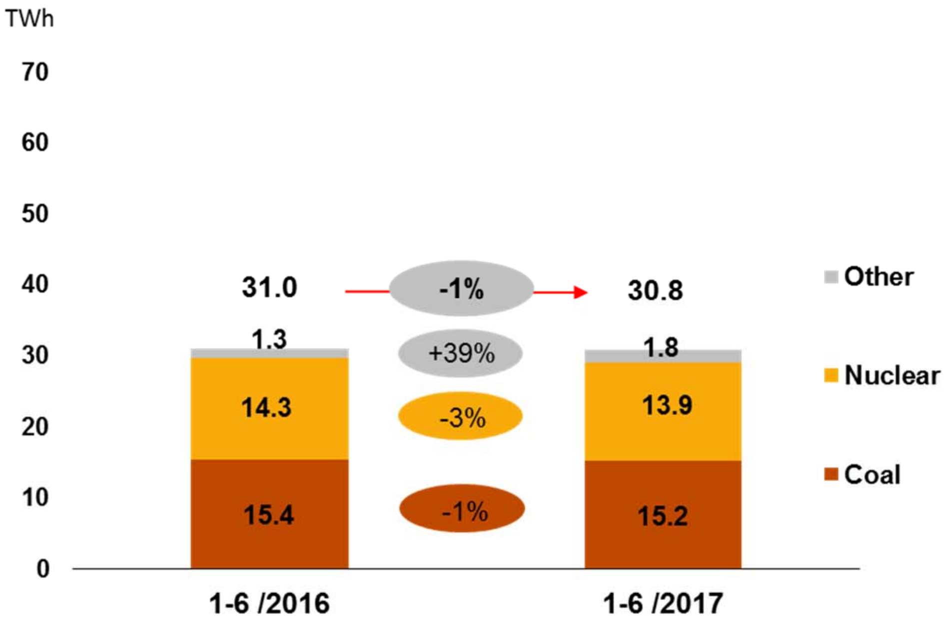
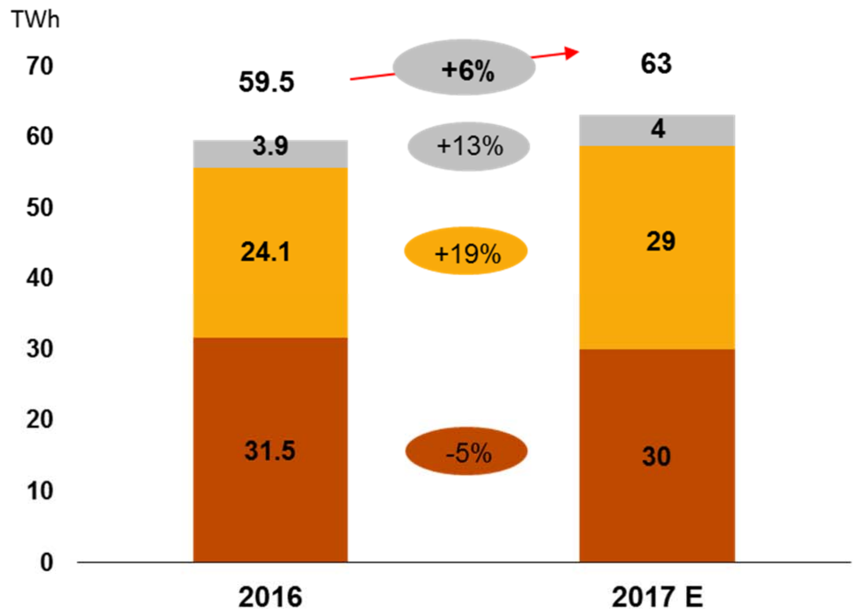
GENERATION—TRADITIONAL ENERGY





Nuclear Power Plants (-3%)
- Longer outages at Temelín NPP

Czechia—Coal-Fired Power Plants (-1%)
- Sale of Tisová power plant
+ Operation of Ledvice 4 power plant (new facility) during construction

Poland—Coal-Fired Power Plants (-7%)
- Stricter NO_x emission ceilings resulting from Interim National Plan and prolongation of planned repairs

Other (+39%)
+ Primarily increased generation at Počerady CCGT plant

Nuclear Power Plants (+19%)
+ Shorter outages at Temelín NPP

Czechia—Coal-Fired Power Plants (-5%)
- Sale of Tisová power plant
- Lower operation of Dětmarovice power plant (increased price of hard coal)
- Lower operation on Prunéřov site (emission ceilings)
+ Operation of Ledvice 4 power plant (new facility)

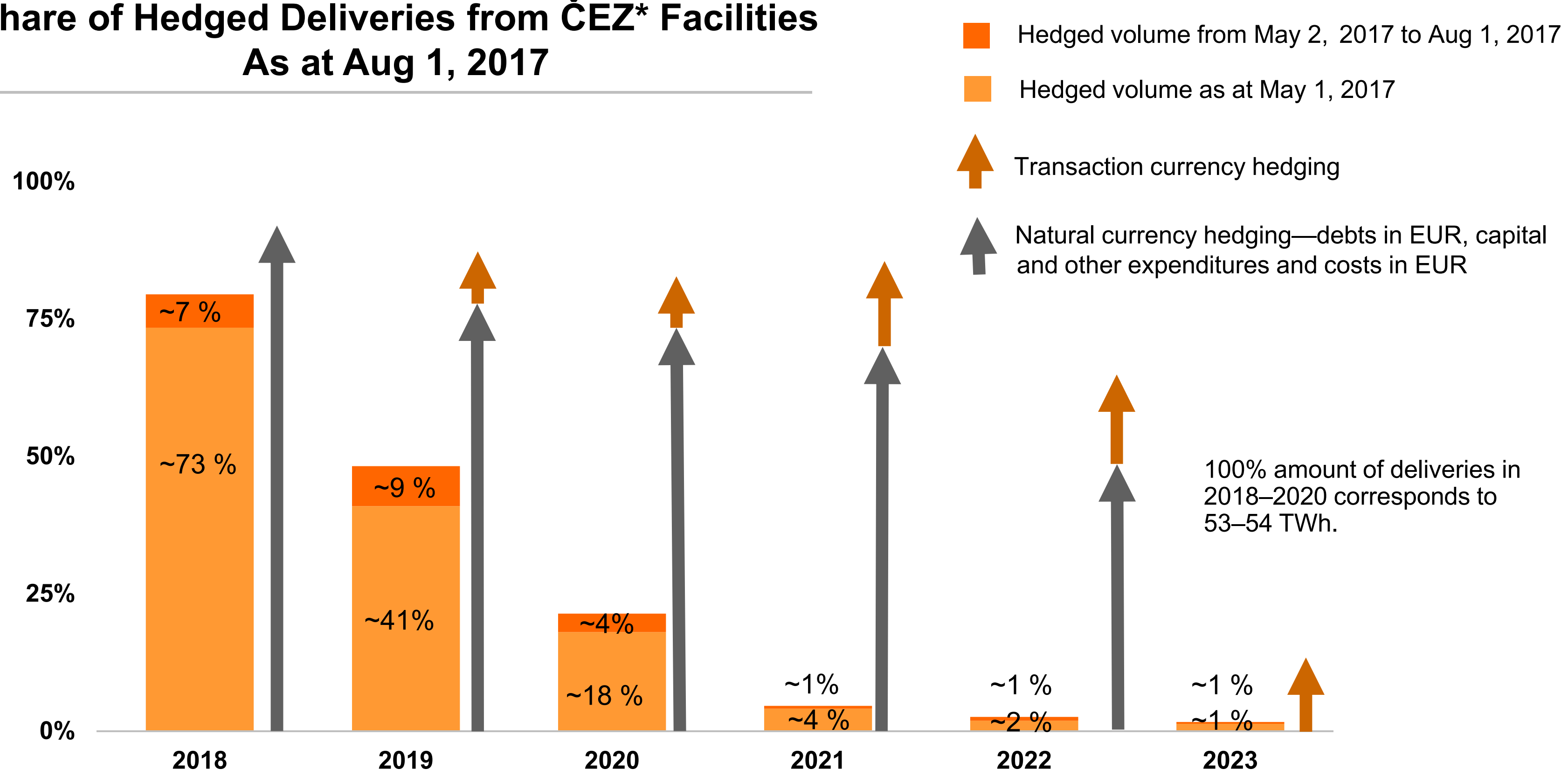
Poland—Coal-Fired Power Plants (-5%)
- Stricter NO_x emission ceilings resulting from Interim National Plan

Other (+15%)
+ Primarily increased generation at Počerady CCGT plant

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

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

Share of Hedged Deliveries from ČEZ* Facilities As at Aug 1, 2017



100% amount of deliveries in 2018–2020 corresponds to 53–54 TWh.

	2018	2019	2020	2021	2022	2023
Total hedged (of production)	~ 80%	~ 50%	~ 22%	~ 5%	~ 3%	~ 2%
At price (EUR/MWh, BL equivalent)	29.5	29.0	32.5	31.0	33.0	36.0

 Source: ČEZ

* ČEZ, a. s. including Energotrans, Počerady, Dětmarovice, and Vítkovice power plants

ANNEXES

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SELECTED EVENTS

Residential property in Prague-Písnice sold on June 8

- The sale of apartments in Prague-Písnice to CIB RENT PÍSNICE was completed in line with the tendering conditions and finalized with the Land Register
- The purchase price was CZK 1.3bn and the transaction added CZK 1.0bn to 2017 profits

Construction of CEZ Group’s new data center in Tušimice started on July 13

- The data center, costing approx. CZK 450m, will fully replace aging centers in Prague and Pilsen and become CEZ Group’s main data center. The center is planned to commence its operation in 2019.
- The project is supported by the EU at 25% of its investment cost

New price decision in Bulgaria for July 1, 2017 through June 30, 2018

- Increase in the regulated price of electricity to cover technical losses in the distribution system together with nonrecognition of the actual amount of technological losses in the grid mean an approximately 7% decrease in unit margin on distributed electricity.
- The price decision does not have any major impact on the regulated margin of sales companies.

Albania duly paid another instalment (EUR 21.1m) on July 27

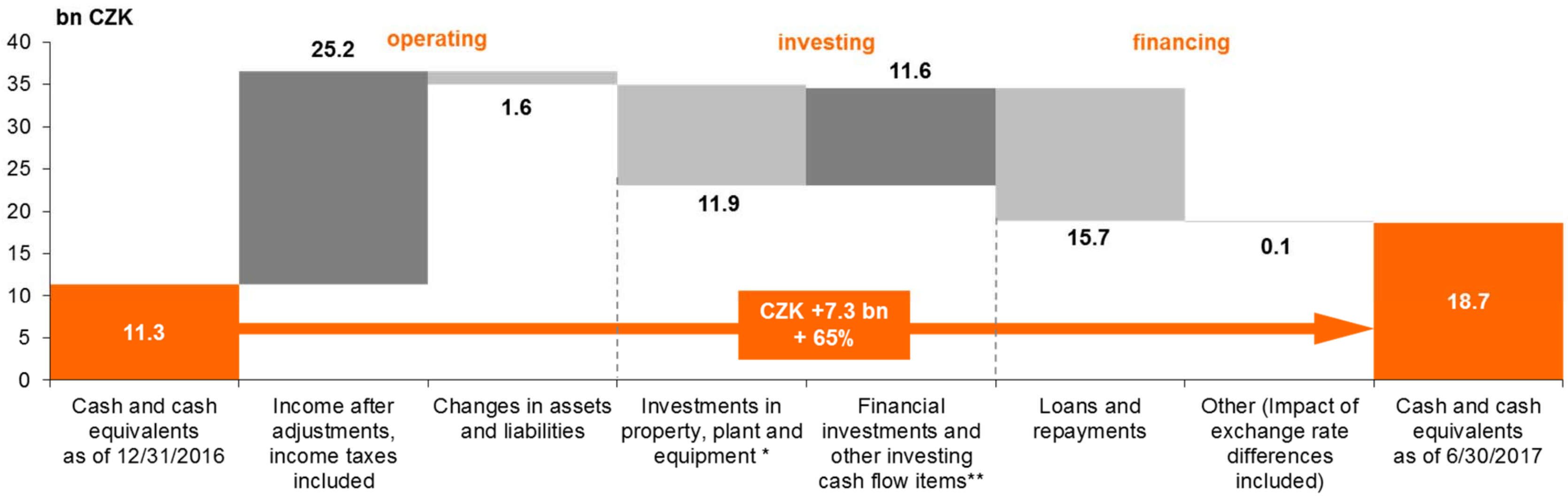
- EUR 73.9m out of the total of EUR 95m has already been paid under the Settlement Agreement with Albania. The remaining instalment of EUR 21.1m is payable in 2018.

The ČEZ Electromobility project successfully applied for another grant under an EU program

- It is the Connecting Europe Facility (CEF), an EU program used by the European Commission to support the construction of charging stations along the trans-European road network to interconnect Europe.
- It will allow building several dozens of additional fast-charging stations throughout Czechia by 2020.

ČEZ ESCO became a partner of the Southern Bohemia Smart Region initiative, which aims to create smart energy solutions for the Southern Bohemia Region in order to save customers’ money and protect the environment.

CASH FLOWS AS AT JUNE 30, 2017



Cash Flows From Operating Activities (CZK +23.6bn)

- Income after adjustments (CZK +25.2bn): earnings before tax (CZK +19.4bn); depreciation and amortization of nuclear fuel (CZK +16.8bn); income from sale of fixed assets (CZK -5.9bn); income tax paid (CZK -2.6bn); net interest paid/received, excluding capitalized interest (CZK -1.9bn)
- Change in assets and liabilities (CZK -1.6bn): change in the balance of payables and receivables, incl. advances and accruals/deferrals (CZK -3.6bn); change in the balance of payables and receivables from derivatives, incl. options (CZK -2.7bn); other receivables and payables (CZK +2.7bn); taxes and charges other than income tax (CZK +1.3bn)

Cash Flows Used in Investing Activities (CZK -0.4bn)

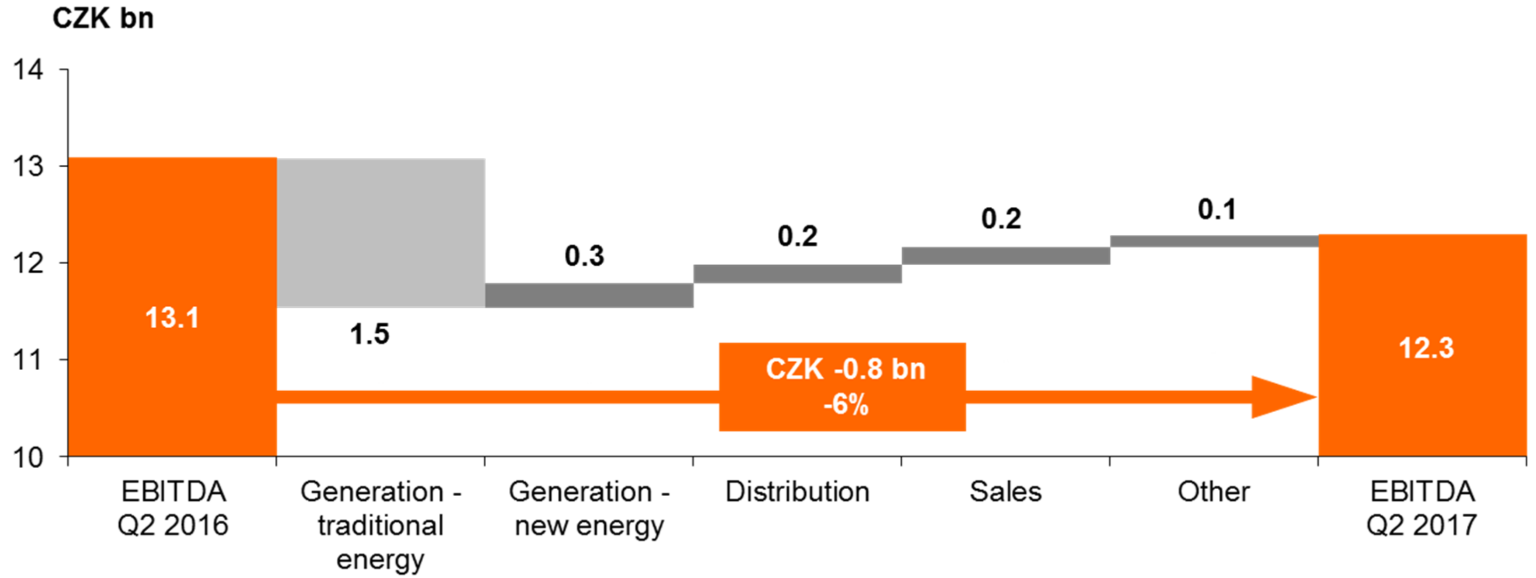
- Investments in property, plant, and equipment—CAPEX (CZK -11.9bn); see details in Annex
- Change in liabilities attributable to capital expenditure (CZK -1.8bn)
- Income from sale of MOL shares (CZK +12.2bn)
- Income from the proceeds of liquidation of CMEPI B.V. (CZK +0.9bn)

Cash Flows Provided by Financing Activities (CZK -15.9bn)***

- Balance of loans and repayments (CZK -15.7bn)

* CAPEX; ** Including change in payables from the acquisition of fixed assets, balance of loans granted, divestments, and change of restricted funds
*** Including net effect of currency translation in cash

EBITDA—Q2 YEAR-ON-YEAR COMPARISON



CEZ Group EBITDA (CZK -0.8bn):

- **Generation—Traditional Energy (CZK -1.5bn):** Lower realization prices of generated electricity, including the effect of hedging (CZK -1.1bn); change in the amount and structure of generation (CZK -0.4bn), primarily longer planned outages at Temelín NPP; higher profit from commodity trading (CZK +0.2bn); other effects (CZK -0.2bn), primarily lower revenue from ancillary services
- **Generation—New Energy (CZK +0.3bn):** Higher amount of generation at Romanian wind farms and the effect of new wind turbines in Germany (CZK +0.2bn); settlement of provisions in relation to OTE's decision on change in tariffs for a portion of the photovoltaic power plant portfolio in Czechia
- **Distribution (CZK +0.2bn):** Primarily lower operating expenses and a positive effect of impairments in Romania (CZK +0.1bn)
- **Sales (CZK +0.2bn):** Effect of out-of-court settlement agreement made between CEZ Elektro Bulgaria and state-owned energy company NEK in 2017 concerning RES receivables (CZK +0.4bn); higher fixed costs in Czechia, primarily in relation to separation of service for ČEZ Distribuce and ČEZ Prodej customers (CZK -0.2bn)

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

NET INCOME—Q2 YEAR-ON-YEAR COMPARISON

(CZK bn)	Q2 2016	Q2 2017	Change	%
EBITDA	13.1	12.3	-0.8	-6%
Depreciation, amortization and impairments*	-8.1	-6.7	+1.4	+17%
Other income (expenses)	-0.1	3.2	+3.3	-
Income taxes	-1.1	-0.8	+0.3	+26%
Net income	3.8	8.0	+4.1	+108%
Net income - adjusted	**4.8**	**8.2**	**+3.4**	**+70%**

Depreciation, Amortization, and Impairments* (CZK +1.4bn)

- Nonrecurrent income from sale of residential property in Prague-Písnice (CZK +1.0bn)
- Higher depreciation and amortization (CZK -0.4bn), primarily due to inclusion of renovated Prunéřov power plant in assets in 2016
- Higher fixed asset impairments in 2016 (CZK +0.7bn)

Financial and Other Income (Expenses) (CZK +3.3bn)

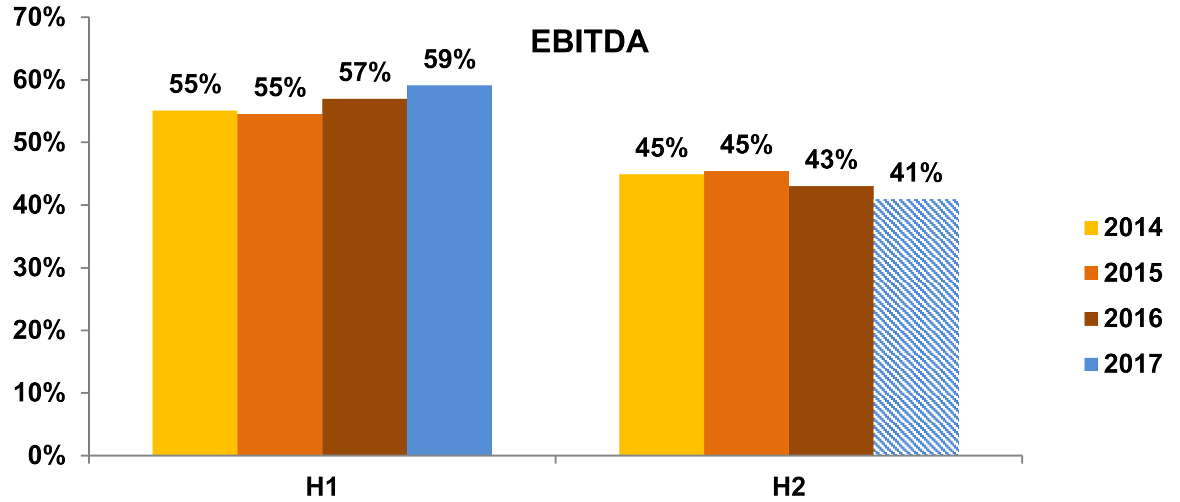
- Effect of termination of MOL stockholding (CZK +3.6bn), primarily settlement of the stock selling transaction and related operations in Q2 2017
- Higher interest expenses due to lower interest capitalization after completion of Prunéřov PP renovation in 2016 (CZK -0.3bn)

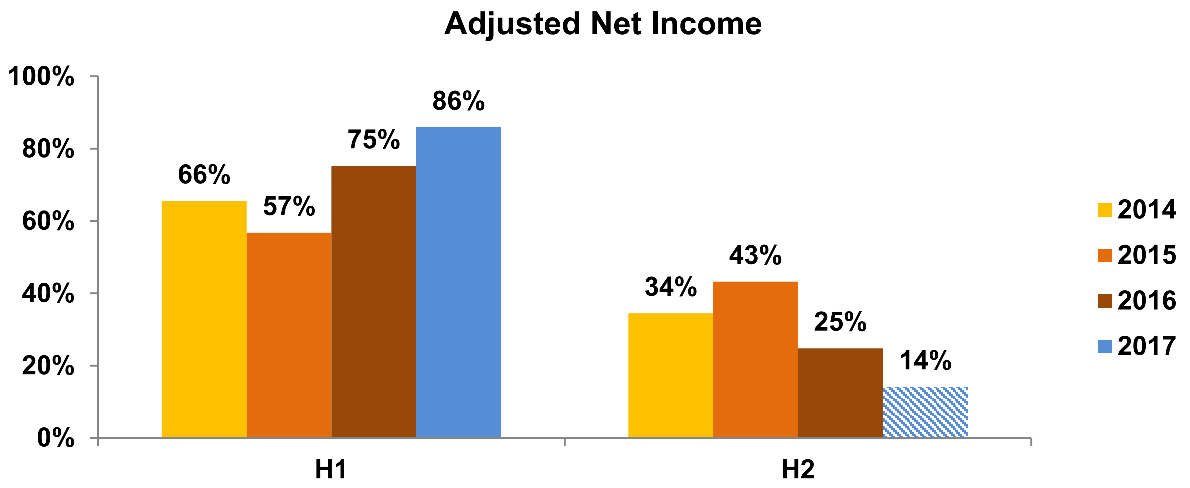
Net Income Adjustment

- *Q2 2017 net income adjusted for the negative effect of fixed asset impairments in Poland (CZK +0.2bn)*
- *Q2 2016 net income adjusted for the negative effect of fixed asset impairments in Romania (CZK +1.0bn)*

* Including profit/loss from sales of tangible and intangible fixed assets; Prunéřov PP—Prunéřov power plant

COMPARISON OF H1 AND H2 RESULTS IN 2014–17





CEZ Group's results are better at EBITDA level in H1 primarily due to the seasonal effect of weather and due to derogation allocation of emission allowances under NAP III (2013–2020).

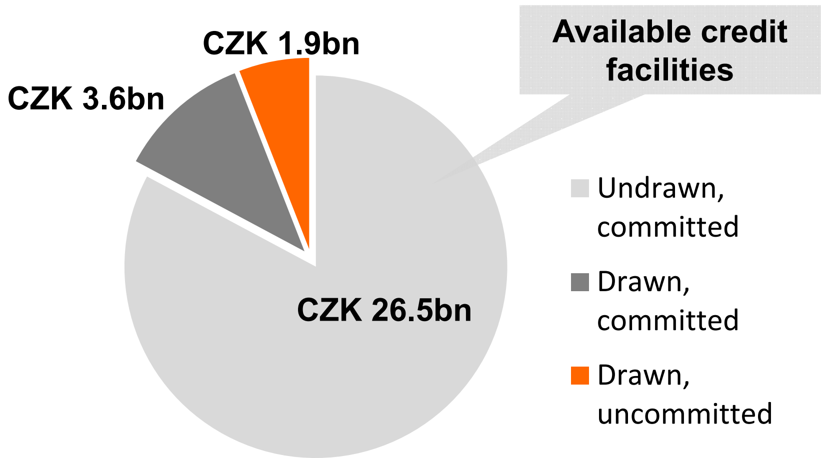
At the level of net income, the higher proportion of H1 in 2016–2017 is additionally due to the completion of major investments in the modernization of the Prunéřov and construction of Ledvice power plants.

Moreover, the growing proportion of H1 over time results from an absolute decrease in annual EBITDA in the years in question, having a higher impact on the value of net income.

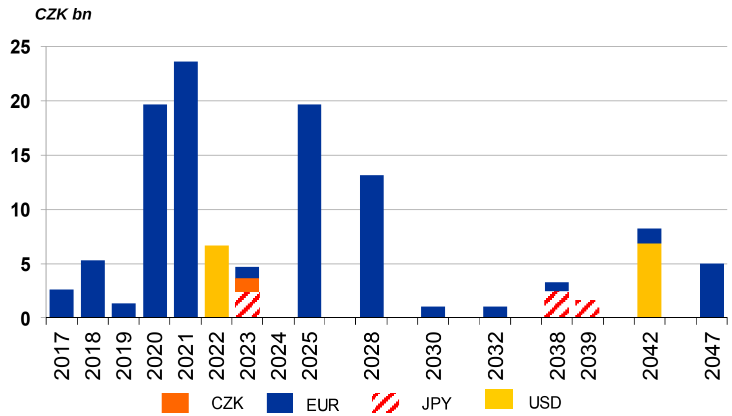
H1 2017 adjusted net income was adjusted for the effect of the sale and related operations with MOL.

CEZ GROUP MAINTAINS A STRONG LIQUIDITY POSITION

Utilization of Short-Term Lines (as at June 30, 2017)



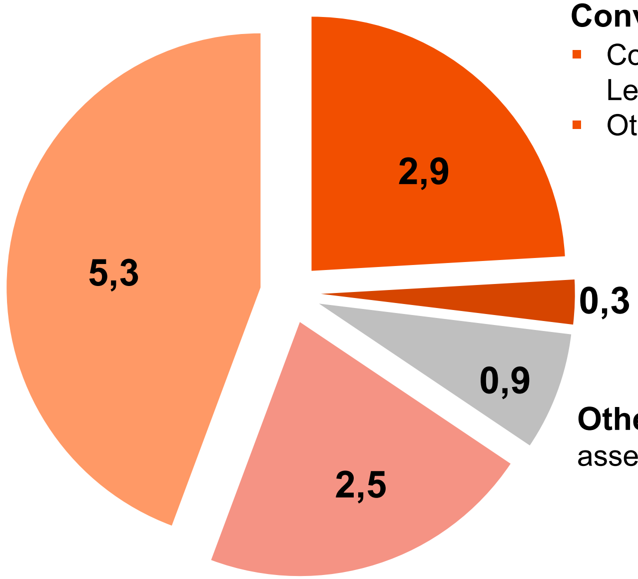
Bond Maturity Profile (as at June 30, 2017)



- CEZ Group has access to CZK 30.1bn in committed credit facilities, using just CZK 3.6bn as at June 30, 2017.
- Committed facilities are kept as a reserve for covering unexpected needs.
- May 4, 2017 was the settlement date for the buyback of approximately 99% of bonds exchangeable into MOL shares, which were paid for using MOL shares.
- Since May 16, 2017, CEZ Group has not held any MOL shares and has not had any outstanding bonds exchangeable into MOL shares. The transaction resulted in a decrease of 0.2 in the Group's Net Debt/EBITDA indicator.

INVESTMENTS IN FIXED ASSETS

CZK 11.9bn in total
(H1 2017)



Conventional generating facilities:
- Construction of a new supercritical facility in Ledvice
- Other investments in facility renovation

Distribution segment:
- Czechia: CZK 4.3bn
- Abroad: CZK 1.0bn

Mining segment:
- Modernization and renovation of existing facilities

Other—Primarily investments in ICT assets

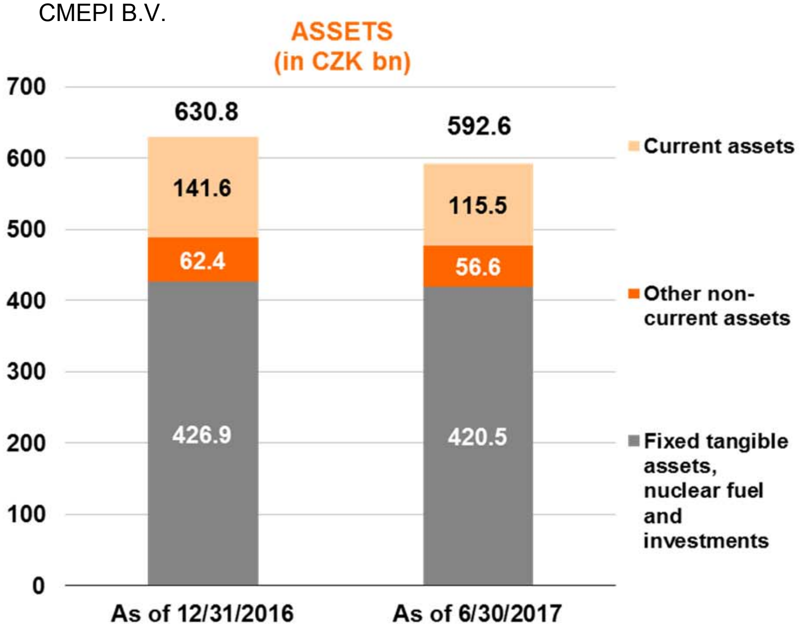
Nuclear facilities (incl. nuclear fuel procurement):
- Investments in existing facilities at Temelín NPP and Dukovany NPP for the purpose of nuclear safety enhancement and process equipment renovation
- Procurement of nuclear fuel
- New nuclear power plants at Temelín & Dukovany—Preparation of projects at both sites, Temelín and Dukovany, continues in accordance with the approved National Action Plan for Nuclear Energy.

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

BALANCE SHEET OVERVIEW AS AT JUNE 30, 2017

Total property, plant, and equipment decreased by CZK 6.4bn
- Primarily due to depreciation and amortization (see slide Other Income (Expenses)), partially offset by capital expenditure (see CAPEX)

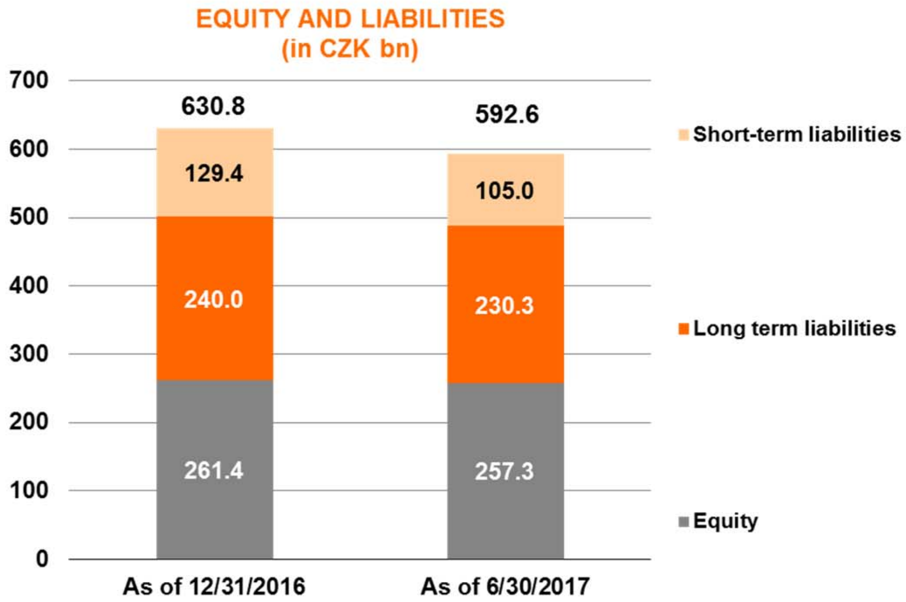
Other noncurrent assets decreased by CZK 5.8bn
- Decrease in available-for-sale securities of CZK -2.9bn due to reclassification to current assets
- Decrease in the value of investment in associates and joint ventures of CZK -1.7bn, primarily due to the liquidation of CMEPI B.V.



Current assets decreased by CZK 26.1bn
- Decrease in receivables from derivatives incl. options of CZK -16.5bn
- Decrease in securities and term deposits of CZK -12.6bn
- Decrease in trade receivables, incl. unbilled goods and services of CZK -7.5bn
- Increase in cash and cash equivalents of CZK +7.4bn
- Increase in income tax receivables of CZK +2.1bn
- Increase in emission allowances of CZK +0.8bn

Equity decreased by CZK 4.0bn
- Dividends CZK -17.9bn
- Other comprehensive income CZK -2.8bn
- Increase of net income of CZK +16.7bn

Long-term liabilities decreased by CZK 9.8bn
- Decrease in issued bonds of CZK -10.1bn and in long-term bank loans of CZK -0.7bn
- Decrease in long-term derivative liabilities of CZK -2.0bn
- Increase in deferred tax liability of CZK +3.2bn

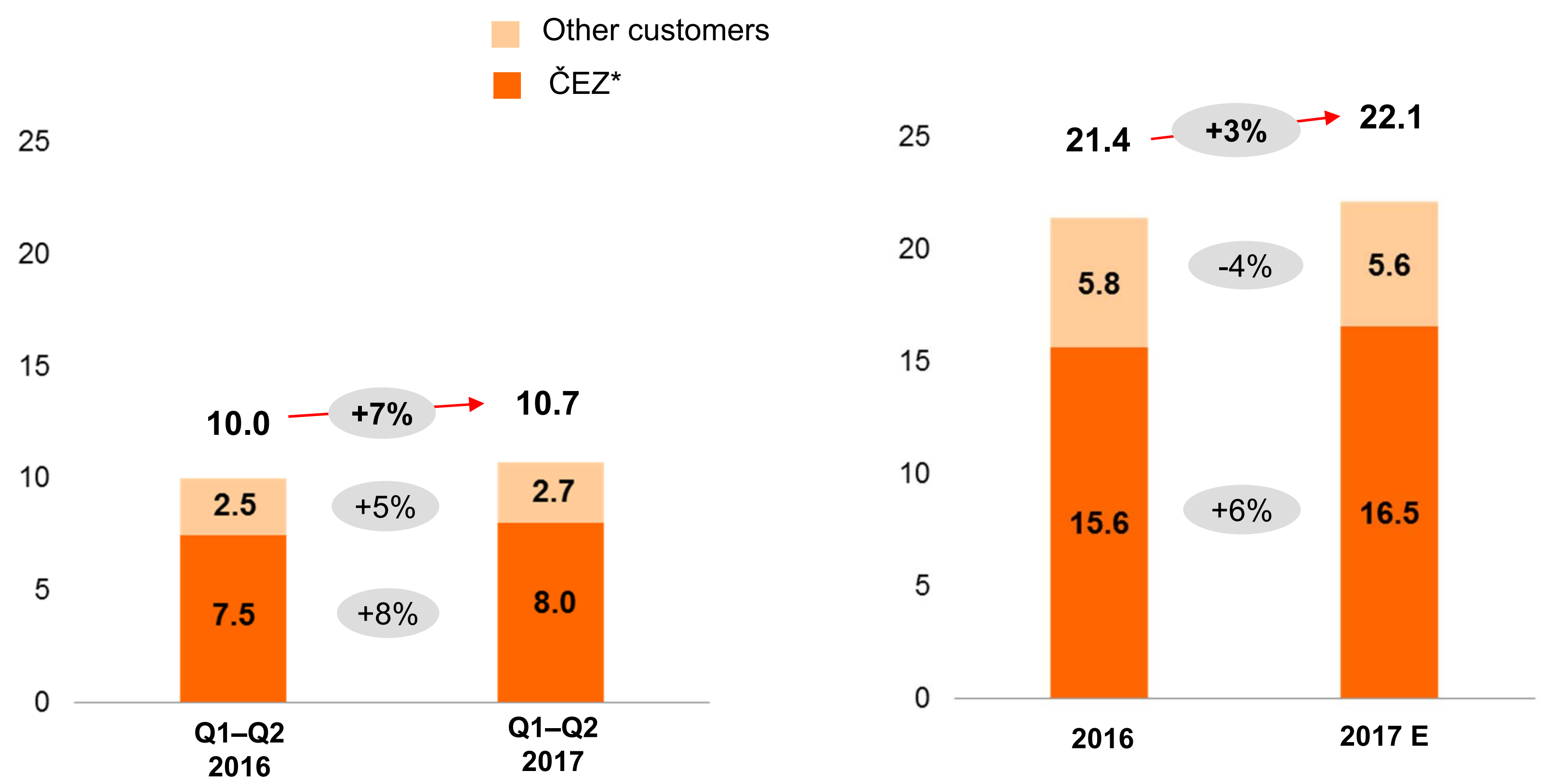


Current liabilities decreased by CZK 24.4bn
- Decrease in short-term payables from derivative trading incl. options of CZK -18.7bn
- Decrease in short-term bank loans incl. current portion of long-term debt of CZK -10.4bn
- Decrease in trade payables incl. advances of CZK -6.8bn
- Decrease in unbilled goods and services of CZK -3.1bn
- Decrease in short-term provisions of CZK -2.1bn, primarily for emission allowances
- Decrease in income tax payables CZK -0.4bn
- Increase in liabilities to shareholders on account of dividend payments of CZK +17.8bn

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

MINING

Severočeské doly—Coal Extraction (Millions of Tons)

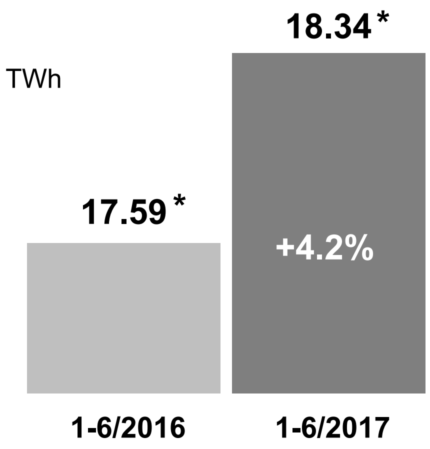


- Increase in saleable output of 0.7 million tons of coal, primarily due to increased consumption by CEZ Group companies
- Year-on-year increase in saleable production of 0.7 million tons of coal due to expected increase in thermal coal consumption by CEZ Group

ČEZ* = ČEZ, a. s. incl. Počerady power plant and Energotrans

ELECTRICITY CONSUMPTION IN THE DISTRIBUTION AREA OF ČEZ DISTRIBUCE GREW YEAR-ON-YEAR

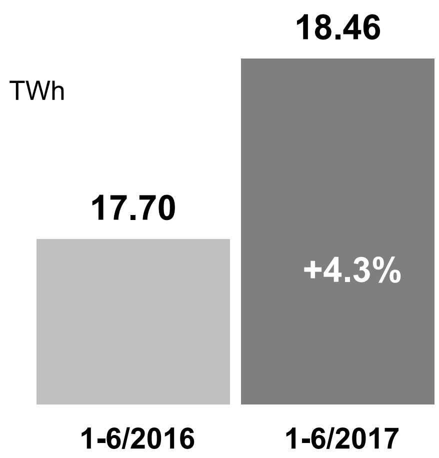
Consumption in the Distribution Area of ČEZ Distribuce



Changes in consumption (+4.2%) by segment:*

- +5.0% large end-use customers
- +3.8% residential customers
- +2.1% commercial retail

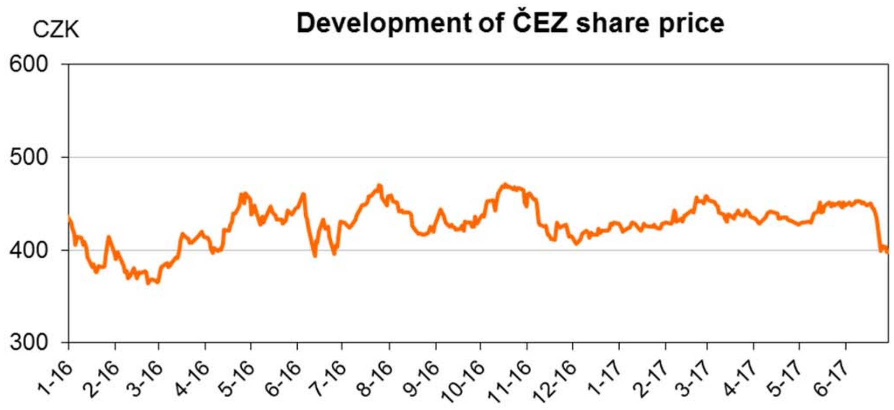
Temperature- and Calendar-Adjusted Consumption**
(in the Distribution Area of ČEZ Distribuce)

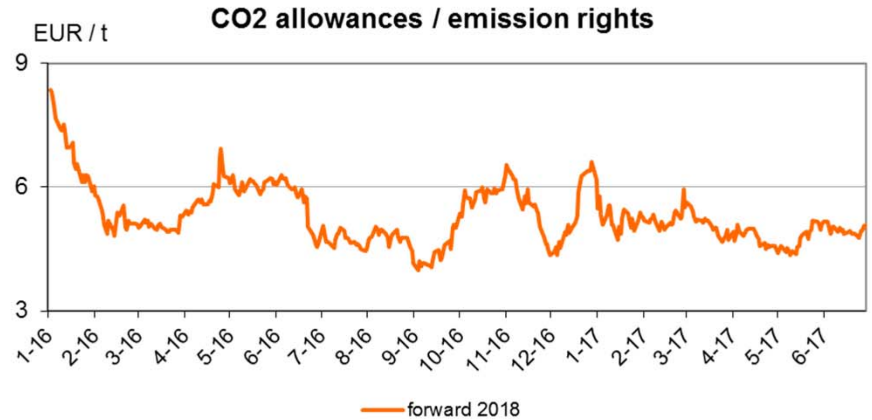


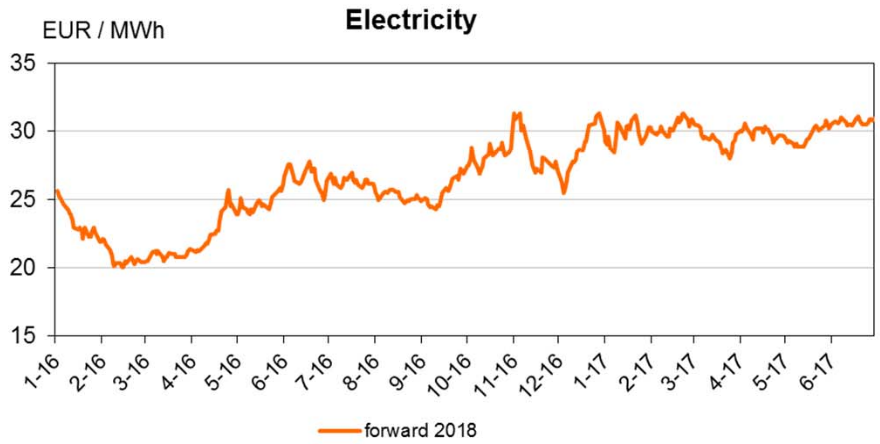
- Analysis based on CEZ Group's internal data.
- CEZ Group's distribution area covers around 5/8 of Czechia's territory, so the data are a good indicator of nationwide consumption trends.

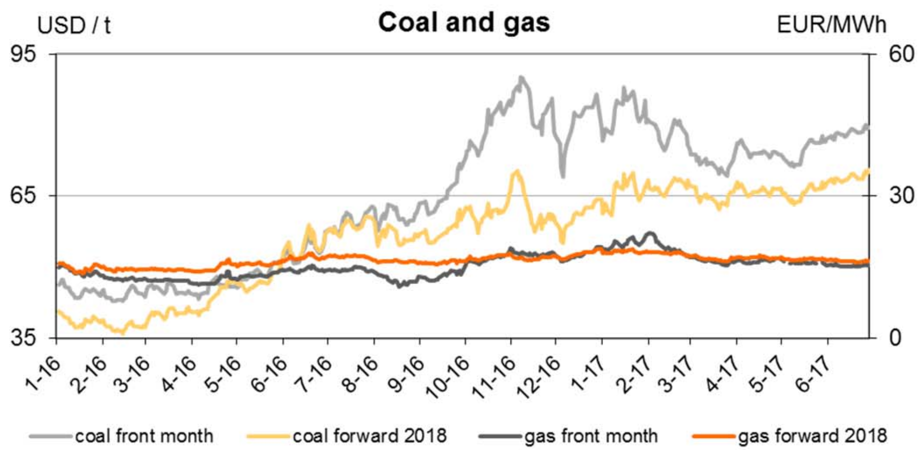
* Acc. to data of ČEZ Distribuce, a. s. (5/8 of Czechia) ** Data and adjustment as per the ČEZ Distribuce, a. s. model

MARKET DEVELOPMENTS









Electricity balance (GWh)

	Q1 - Q2 2016	Q1 - Q2 2017	Index 2017/2016
Electricity procured	**28,558**	**28,640**	**+0%**
Generated in-house (gross)	31,804	31,816	+0%
In-house and other consumption, including pumping in pumped-storage plants	-3,245	-3,176	-2%
Sold to end customers	**-18,561**	**-18,897**	**+2%**
Sold in the wholesale market (net)	**-7,704**	**-7,440**	**-3%**
Sold in the wholesale market	-93,860	-126,442	+35%
Purchased in the wholesale market	86,156	119,003	+38%
Grid losses	**-2,293**	**-2,304**	**+0%**

Electricity generation by source (GWh)

	Q1 - Q2 2016	Q1 - Q2 2017	Index 2017/2016
Nuclear	14,322	13,876	-3%
Coal and lignite	14,995	14,816	-1%
Water	1,156	1,180	+2%
Biomass	417	385	-8%
Photovoltaic	70	76	+9%
Wind	571	754	+32%
Natural gas	272	727	+167%
Bio gas	1	2	+157%
Total	**31,804**	**31,816**	**+0%**

Sales of electricity to end customers (GWh)

	Q1 - Q2 2016	Q1 - Q2 2017	Index 2017/2016
Households	-6,840	-7,040	+3%
Commercial (low voltage)	-2,581	-2,506	-3%
Commercial and industrial (medium and high voltage)	-9,139	-9,350	+2%
Sold to end customers	**-18,561**	**-18,897**	**+2%**

Distribution of electricity to end customers	**-25,479**	**-26,611**	**+4%**

Electricity balance (GWh)

Q1 - Q2 2017	Generation - traditional energy		Generation - new energy		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Electricity procured	**27,667**	**-**	**973**	**+21%**	**0**	**-**	**0**	**-**	**0**	**-**	**28,640**	**+0%**
Generated in-house (gross)	30,829	-	987	+20%	0	-	0	-	0	-	31,816	+0%
In-house and other consumption, including pumping in pumped-storage plants	-3,162	-	-14	-2%	0	-	0	-	0	-	-3,176	-2%
Sold to end customers	**-74**	**-**	**0**	**-**	**0**	**-**	**-19,908**	**+3%**	**1,084**	**+21%**	**-18,897**	**+2%**
Sold in the wholesale market (net)	**-27,593**	**-**	**-973**	**+21%**	**2,304**	**+0%**	**19,908**	**+3%**	**-1,084**	**+21%**	**-7,440**	**-3%**
Sold in the wholesale market	-138,867	-	-1,402	+12%	0	-	-1,159	-20%	14,986	-3%	-126,442	+35%
Purchased in the wholesale market	111,273	-	428	-5%	2,304	+0%	21,067	+1%	-16,070	-1%	119,003	+38%
Grid losses	**0**	**-**	**0**	**-**	**-2,304**	**+0%**	**0**	**-**	**0**	**-**	**-2,304**	**+0%**

Electricity generation by source (GWh)

Q1 - Q2 2017	Generation - traditional energy		Generation - new energy		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	13,876	-	0	-	0	-	0	-	0	-	13,876	-3%
Coal and lignite	14,816	-	0	-	0	-	0	-	0	-	14,816	-1%
Water	1,025	-	155	-13%	0	-	0	-	0	-	1,180	+2%
Biomass	385	-	0	-	0	-	0	-	0	-	385	-8%
Photovoltaic	0	-	76	+9%	0	-	0	-	0	-	76	+9%
Wind	0	-	754	+32%	0	-	0	-	0	-	754	+32%
Natural gas	727	-	0	-	0	-	0	-	0	-	727	+167%
Bio gas	0	-	2	+157%	0	-	0	-	0	-	2	+157%
Total	**30,829**	**-**	**987**	**+20%**	**0**	**-**	**0**	**-**	**0**	**-**	**31,816**	**+0%**

Sales of electricity to end customers (GWh)

Q1 - Q2 2017	Generation - traditional energy		Generation - new energy		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	0	-	0	-	0	-	-7,040	+3%	0	-	-7,040	+3%
Commercial (low voltage)	0	-	0	-	0	-	-2,506	-3%	0	-	-2,506	-3%
Commercial and industrial (medium and high voltage)	-73	-	0	-	0	-	-10,362	+4%	1,084	+21%	-9,350	+2%
Sold to end customers	**-74**	**-**	**0**	**-**	**0**	**-**	**-19,908**	**+3%**	**1,084**	**+21%**	**-18,897**	**+2%**

Distribution of electricity to end customers	**0**	**-**	**0**	**-**	**-26,611**	**+4%**	**0**	**-**	**0**	**-**	**-26,611**	**+4%**

Electricity balance (GWh)

Q1 - Q2 2017	Czechia		Poland		Romania		Bulgaria		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Electricity procured	**26,749**	**-0%**	**1,105**	**-7%**	**687**	**+13%**	**3**	**+4%**	**97**	**-**	**0**	**-**	**28,640**	**+0%**
Generated in-house (gross)	29,763	-0%	1,256	-7%	697	+13%	3	+4%	97	-	0	-	31,816	+0%
In-house and other consumption, including pumping in pumped-storage plants	-3,015	-2%	-151	-6%	-10	-5%	0	-	0	-	0	-	-3,176	-2%
Sold to end customers	**-9,146**	**-6%**	**-1,457**	**+59%**	**-1,714**	**+4%**	**-5,082**	**+6%**	**-1,497**	**+1%**	**0**	**-**	**-18,897**	**+2%**
Sold in the wholesale market (net)	**-16,444**	**+3%**	**353**	**-**	**1,545**	**-2%**	**5,706**	**+5%**	**1,400**	**-6%**	**0**	**-**	**-7,440**	**-3%**
Sold in the wholesale market	-128,187	+35%	-1,228	-11%	-857	-15%	-90	-57%	-283	>200%	4,203	+5%	-126,442	+35%
Purchased in the wholesale market	111,743	+41%	1,581	+43%	2,402	-7%	5,796	+3%	1,683	+9%	-4,203	+5%	119,003	+38%
Grid losses	**-1,158**	**+2%**	**0**	**-**	**-518**	**-2%**	**-628**	**-1%**	**0**	**-**	**0**	**-**	**-2,304**	**+0%**

Electricity generation by source (GWh)

Q1 - Q2 2017	Czechia		Poland		Romania		Bulgaria		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	13,876	-3%	0	-	0	-	0	-	0	-	0	-	13,876	-3%
Coal and lignite	13,652	-1%	1,164	-2%	0	-	0	-	0	-	0	-	14,816	-1%
Water	1,132	+3%	5	-8%	43	-12%	0	-	0	-	0	-	1,180	+2%
Biomass	298	+18%	87	-47%	0	-	0	-	0	-	0	-	385	-8%
Photovoltaic	73	+10%	0	-	0	-	3	+4%	0	-	0	-	76	+9%
Wind	3	-24%	0	-	654	+15%	0	-	97	-	0	-	754	+32%
Natural gas	727	+167%	0	-	0	-	0	-	0	-	0	-	727	+167%
Bio gas	2	+157%	0	-	0	-	0	-	0	-	0	-	2	+157%
Total	**29,763**	**-0%**	**1,256**	**-7%**	**697**	**+13%**	**3**	**+4%**	**97**	**-**	**0**	**-**	**31,816**	**+0%**

Sales of electricity to end customers (GWh)

Q1 - Q2 2017	Czechia		Poland		Romania		Bulgaria		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	-3,779	+1%	0	-	-865	+3%	-2,331	+6%	-65	-6%	0	-	-7,040	+3%
Commercial (low voltage)	-1,084	-6%	-140	-	-415	-2%	-808	-15%	-59	+7%	0	-	-2,506	-3%
Commercial and industrial (medium and high voltage)	-4,283	-11%	-1,317	+44%	-434	+15%	-1,943	+17%	-1,374	+1%	0	-	-9,350	+2%
Sold to end customers	**-9,146**	**-6%**	**-1,457**	**+59%**	**-1,714**	**+4%**	**-5,082**	**+6%**	**-1,497**	**+1%**	**0**	**-**	**-18,897**	**+2%**

Distribution of electricity to end customers	**-18,337**	**+4%**	**0**	**-**	**-3,298**	**+4%**	**-4,976**	**+6%**	**0**	**-**	**0**	**-**	**-26,611**	**+4%**

Methods Used to Calculate Indicators Unspecified in IFRS

In accordance with ESMA guidelines, ČEZ provides detailed information on indicators that are not reported as standard in IFRS statements or the components of which are not directly available from standardized statements (financial statements). Such indicators represent supplementary information in respect of financial data, providing report users with additional information for their assessment of the financial position and performance of CEZ Group or ČEZ. In general, these indicators are also commonly used in other commercial companies, not only in the energy sector.

Indicator	
Net debt	<u>Purpose:</u> The indicator shows the real level of a company's financial debt, i.e. the nominal amount of debt net of cash, cash equivalents, and highly liquid financial assets held by the company. The indicator is primarily used to assess the overall appropriateness of the company's debt, for example, in comparison with selected corporate profit or balance sheet indicators. <u>Definition:</u> Long-Term Debt, Net of Current Portion + Current Portion of Long-Term Debt + Short-Term Loans − (Cash and Cash Equivalents + Highly Liquid Financial Assets).
Adjusted Net Income (After-Tax Income, Adjusted)	<u>Purpose:</u> This is a supporting indicator, intended primarily for investors, creditors, and shareholders, that allows interpreting achieved financial results with the exclusion of extraordinary, usually nonrecurring effects that are generally unrelated to ordinary financial performance and value creation in a given period. <u>Definition:</u> Net Income (After-Tax Income) +/− additions to and reversals of impairments of property, plant, and equipment and intangible assets including goodwill +/− additions to and reversals of impairments of developed projects +/− other extraordinary effects that are generally unrelated to ordinary financial performance in a given year and value creation in a given period +/− effects of the above on income tax.
Dividend per Share (Gross)	<u>Purpose</u>: The indicator expresses a shareholder's right to the payment of a share in a joint-stock company's profits (usually for the past year) corresponding to the holding of one share. The subsequent payment of the share in profits is usually subject to taxes, which may be different for different shareholders; therefore, the value before taxes is reported. <u>Definition:</u> Dividend awarded in the current year, before taxes, per outstanding share (paid in the reported year from the profits of prior periods).
EBITDA (EBIT Before Depreciation and Amortization, Impairments, and Asset Sales)	<u>Purpose:</u> This is an important economic indicator showing a business's operating efficiency comparable to other companies, as it is unrelated to the company's depreciation and amortization policy and capital structure or tax treatment. It is one of the fundamental indicators used by companies to set their key financial and strategic objectives. <u>Definition:</u> Earnings Before Taxes and Other Expenses and Revenues + Depreciation and Amortization +/− Impairments of Property, Plant, and Equipment and Intangible Assets Including Goodwill (including Write-Off of Canceled Investments) + Sales of Property, Plant, and Equipment and

Indicator	
	Intangible Assets.
Net debt / EBITDA	Purpose: This indicates a company's capability to decrease and pay back its debt as well as its ability to take on additional debt to grow its business. CEZ Group uses this indicator primarily to assess the adequacy of its capital structure to the structure and stability of its expected cash flows. Definition: Net Debt / EBITDA. 12 month rolling EBITDA is used, i.e. EBITDA for the period from Jul 1 of previous year until Jun 30. Net debt figure at the end of periods is used, i.e. as of Jun 30.

Most of the components used in the calculation of individual indicators are directly shown in financial statements. The components of calculations that are not included in the financial statements are usually shown directly in a company's books and are defined as follows:

Net Debt indicator—Highly Liquid Financial Assets item (CZK millions):

	As at Jun 30, 2016	As at Jun 30, 2017
Short-term debt securities available for sale	0	2,804
Short-term debt securities held to maturity	3,601	900
Short-term deposits	7,110	2,500
Long-term deposits	0	500
Long-term debt securities available for sale	4,839	1,809
Highly liquid financial assets, total	**15,550**	**8,512**

Adjusted Net Income indicator—individual components:

Adjusted Net Income (After-Tax Income, Adjusted)	Unit	H1 2016	H1 2017
Net income	CZK millions	13,797	16,658
Impairments of property, plant, and equipment and intangible assets including goodwill	CZK millions	973	271
Impairments of developed projects*)	CZK millions	0	0
Impairments of property, plant, and equipment and intangible assets including goodwill at joint ventures**)	CZK millions	0	75
Effects of the additions to or reversals of impairments on income tax***)	CZK millions	0	(51)
Other extraordinary effects	CZK millions	0	0
Adjusted net income	**CZK millions**	**14,770**	**16,953**

**) Included in the row Other operating expenses (impairments of inventories) in the Consolidated Statement of Income*

***) Included in the row Share of profit (loss) from joint ventures in the Consolidated Statement of Income*

****) Included in the row Income taxes (deferred tax) in the Consolidated Statement of Income*