Internal Information

CEZ Group Earned CZK 26.7 billion in Q1; Shareholders to Receive a Record-High Dividend Next Year

Operating Revenues increased by 29% year-on-year to CZK 76.0 billion and Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) by CZK 25.8 billion to CZK 43.7 billion. Net Income reached CZK 26.7 billion, up CZK 18.3 billion. The Q1 results reflect record-high profits from commodity trading in Western European markets, high operational reliability of power plants and enormous growth in commodity prices on wholesale markets. In addition, specific temporary effects of nearly CZK 8 billion were positive, but these will be eliminated during 2022. Nevertheless, CEZ Group raises its full-year EBITDA guidance to CZK 95 to 99 billion and Net Income adjusted for extraordinary effects to CZK 45 to 49 billion.

The unprecedented growth in EBITDA of the GENERATION segment was partially reduced by a decline in the results of the SALES segment, which was negatively affected by the rise in commodity prices. The EBITDA of ČEZ Prodej, which supplies electricity and gas to end customers, decreased by CZK 1.6 billion year-on-year and reached a loss of CZK 176 million in the first quarter. The reason for this is the ever-higher purchase prices of electricity and gas, as well as taking care of new customers, which ČEZ Prodej acquired after the suppliers who failed last year. 99.8% of customers who entered the SoLR regimen in October 2021 have already been converted to standard contracts. Despite the huge workload, customer satisfaction with ČEZ Prodej has not only been maintained but even increased. In an IPSOS survey focused on customers' willingness to recommend the company's services to other people (the 'NPS score'), the company received the highest rating of all comparable energy companies, and its level exceeded that of many major companies in other areas (e.g. banking or mobile services).

"The expected Net Income for the full year 2022 indicates a dividend, if set at the upper end of the applicable dividend policy range, of CZK 67-73 per share. Therefore, the highest dividend in the company's history is likely to be paid next year, and the majority owner, the Czech state, could receive more than CZK 27 billion," said Daniel Beneš, Chairman of the Board of Directors and CEO of ČEZ.

The current unprecedented geopolitical situation and its impact on the European market reinforce CEZ Group's long-term orientation towards the greatest possible self-sufficiency, security and emission-free resources. On 17 March, a tender was launched for the general contractor for the construction of a new nuclear power plant in Dukovany. Furthermore, support for the first projects from the Modernization Fund of the Czech Republic was approved. CEZ will thus build 17 new photovoltaic power plant projects with a total capacity of 173 MW.

Electricity generation from renewable and nuclear sources increased by 1% year-on-year and reached 8.9 TWh. On the other hand, power generation from coal-fired and gas-steam sources decreased by 10% and reached 6 TWh, mainly due to a 40% drop in electricity generation at the Počerady gas-steam power plant.

"CEZ Group's net debt decreased by CZK 29 billion in the first quarter, even though ČEZ – like other major European electricity producers – faces enormous requirements for hedging closed commodity trades and is forced to supply significant funds to the commodity exchanges. As of March 31, ČEZ had a total of CZK 57 billion in margin deposits tied up on exchanges and with trading counterparties, and in the first days of March, the value of these deposits exceeded CZK 100 billion. We are negotiating at European and national level on measures and instruments to address this unprecedented situation and the risks of a surge in cash needs. ČEZ's cash, highly liquid assets and available credit lines totaled CZK 82 billion as of 31 March 2022," said Martin Novák, Member of the Board of Directors and Director of Finance Division.

Electricity consumption in ČEZ Distribuce's distribution territory fell by 4% year-on-year, and by 1% on a climate and calendar basis. Consumption by large enterprises fell by 1%, and household consumption fell by 9%, mainly due to above-average temperatures in Q1 2022.