CONFERENCE CALL ON CEZ GROUP FINANCIAL RESULTS IN Q1–Q3 2016

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

Prague, November 8, 2016

AGENDA

Financial Highlights and Selected Events
Martin Novák, Chief Financial and Operations Officer

Financial Results
Martin Novák, Chief Financial and Operations Officer

Market Position
Pavel Cyrani, Chief Sales Officer

Financial values throughout this presentation reflect the restatement of past periods in accordance with IFRS and the current definition of the indicators in question.

Q1–Q3 2016 FINANCIAL HIGHLIGHTS

- **Operating revenues CZK 145.1bn**
- **EBITDA CZK 43.8bn**
- **EBIT CZK 21.6bn**
- **Net income CZK 14.7bn**
- **Adjusted net income* CZK 16.7bn**

* Adjusted net income values 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.

GLOBAL AND EUROPEAN TRENDS ARE STRENGTHENING AND PROVE THAT OUR STRATEGY IS CORRECT

GLOBAL TRENDS AND THEIR CONSEQUENCES

- Rapid development of technologies and new competitors
- Persisting regulatory uncertainty in Europe and preference for renewable energy sources
- Low prices of global commodities (oil, coal)

- Quickly falling costs of renewable generation
- Low and unstable wholesale electricity prices

CEZ GROUP STRATEGY

I. Be among the best in the operation of conventional power facilities and proactively respond to the challenges of the 21st century

II. Offer customers a wide range of products and services addressing their energy needs

III. Strengthen and consolidate our position in Central Europe

WE ARE GRADUALLY IMPLEMENTING ČEZ STRATEGY

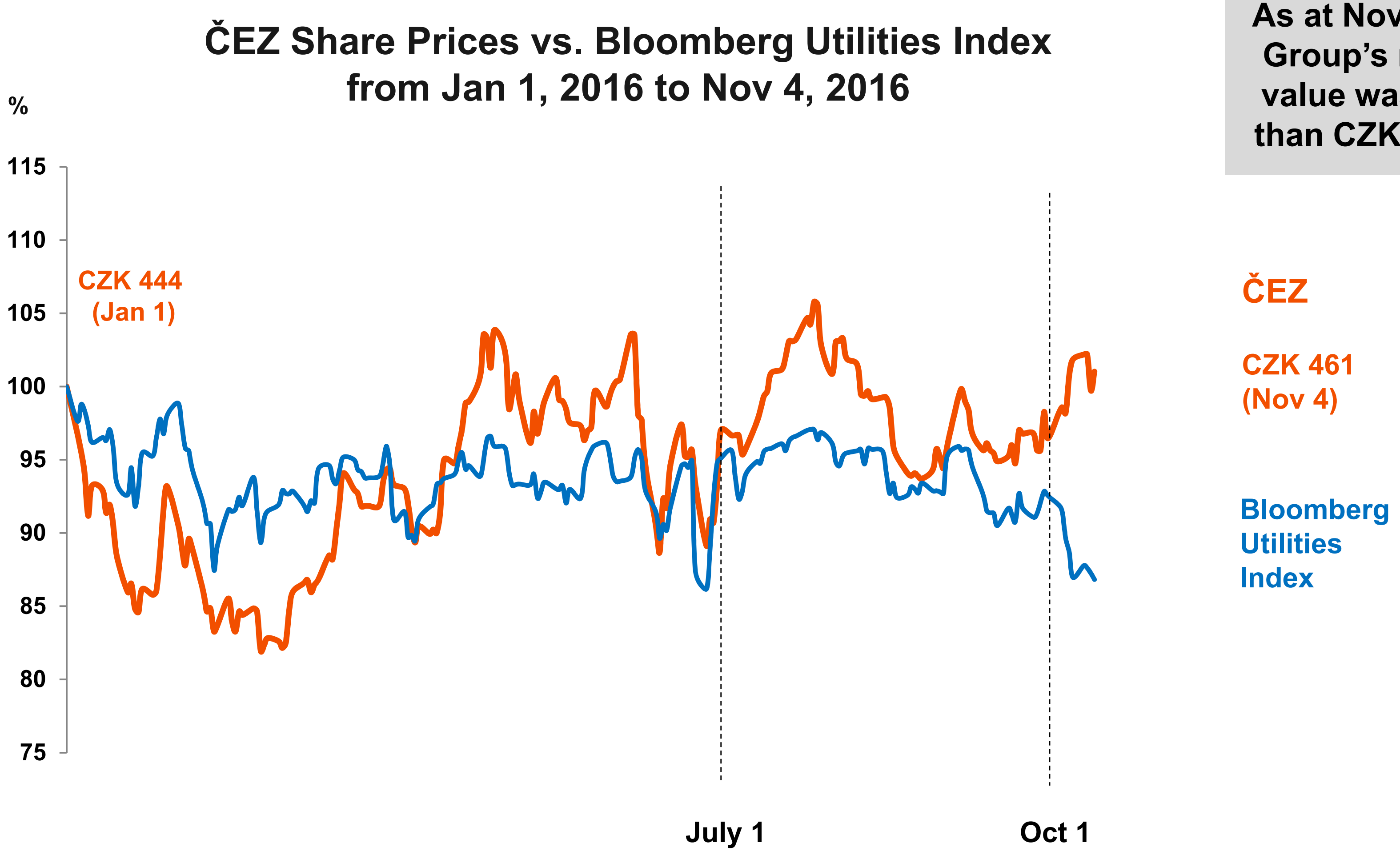
I Be among the best in the operation of conventional power facilities and proactively respond to the challenges of the 21st century	▪ We received an operating license for Unit 1 of the Dukovany Nuclear Power Plant for an indefinite period of time ▪ We stabilized the situation caused by the need to inspect welds at nuclear facilities ▪ We completed the renovation of the Prunéřov Power Plant and environmental upgrade to the Počerady Power Plant ▪ We introduced a more flexible, more profitable process of hydropower dispatch ▪ We upgraded high-capacity disposal sites at the Nástup Tušimice Mines ▪ We spun off the projects for new nuclear power plants at Dukovany and Temelín into new companies ▪ We started the EIA process for a new nuclear unit at Dukovany
II Offer customers a wide range of products and services addressing their energy needs	▪ We are stabilizing our sales portfolio and market position in the Czech Rep. (we are No. 2 in the gas market) ▪ We are developing sales of non-commodity products and services for retail customers ▪ We are growing successfully also through acquisitions (ENESA, juwi—now ČEZ Solární, AZ Klima) ▪ We are completing Czech distribution redesign and preparing for decentralized and digitized energy future
III Strengthen and consolidate our position in Central Europe	▪ We are achieving exceptional profit in commodity trading and expanding our trading activities to additional European countries, including the Nordic countries ▪ We are entering the RES market in Germany: our first acquisition—an onshore wind park with 12.8MW installed capacity—is awaiting the fulfillment of conditions precedent ▪ We are expanding the INVEN CAPITAL portfolio with attractive new energy companies (sonnen—formerly Sonnenbatterie, SunFire, tado GmbH, fund ETF) ▪ We continue to reduce our financial exposure abroad (an agreement made with EBRD allows CEZ Razpredelenie Bulgaria AD to take out a loan of up to EUR 116m without any guarantee by ČEZ, a. s.)

ETF—The Environmental Technologies Fund

RES—Renewable Sources

CEZ GROUP'S MARKET VALUE HAS GROWN BY MORE THAN CZK 16 BN SINCE JULY 1

As at Nov 4, CEZ Group's market value was more than CZK 246 bn



WE MADE A COMPREHENSIVE AGREEMENT WITH SOKOLOVSKÁ UHELNÁ

The agreement with Sokolovská uhelná, a.s. concerns:

- New contract for supplies of Sokolov brown coal until the year 2025
- Selling the Tisová Power Plant to Sokolovská uhelná, a.s.
- Both parties' pledge to take steps to end all pending lawsuits and proceedings before regulatory and other authorities

The agreement will allow CEZ Group to focus on the operation of the upgraded Tušimice, Prunéřov, and Ledvice facilities and mitigate long-term risks posed by changes in coal balance and market prices in the Czech Rep.

Tisová Power Plant

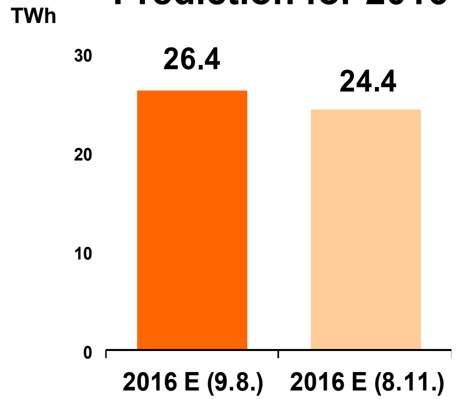
Commissioned	1959–1961
Total installed capacity	288.8 MW
Efficiency	32%
Electricity generated in 2015	1.4 TWh
Share of ČEZ electricity production in Czech Rep.	2%

REDUCING OUTLOOK FOR NUCLEAR GENERATION MAINLY DUE TO A TURBINE FAULT AT TEMELÍN UNIT 2

Safety of nuclear facilities is our priority

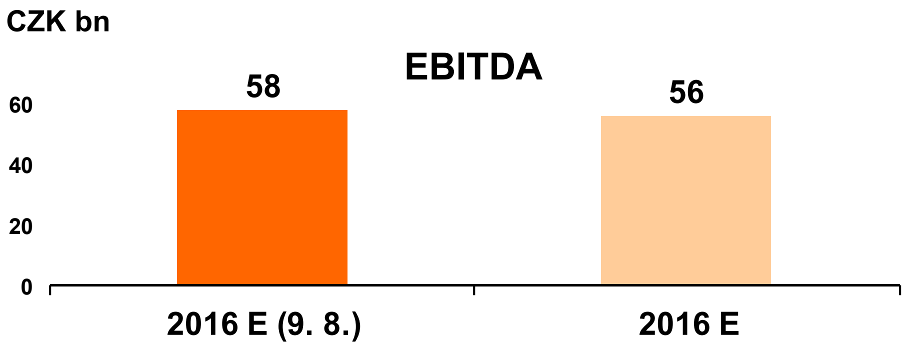
- Overall reduction of Temelín NPP generation outlook for 2016 was significantly affected by events unrelated to the weld issues
- We stabilized the situation caused by the need for detailed weld inspections
- We use the experience to optimize future weld inspections and the timing of future outages with respect to concurrent refueling, maintenance and CAPEX activities, as well as with respect to seasonal fluctuations in electricity prices
- Changes in 2016 outage schedules against the expectation from Aug 9:
    - Temelín NPP Unit 2 outages extended by 45 days due to a turbine oil glands fault and replacement
    - Temelín NPP Unit 2 outage extended by 12 days due to weld inspections
    - Dukovany NPP Unit 3 outage shortened by 23 days thanks to quicker weld inspections
    - Planned Temelín NPP Unit 1 outage extended by 44 days over initial ambition mainly due to weld inspections

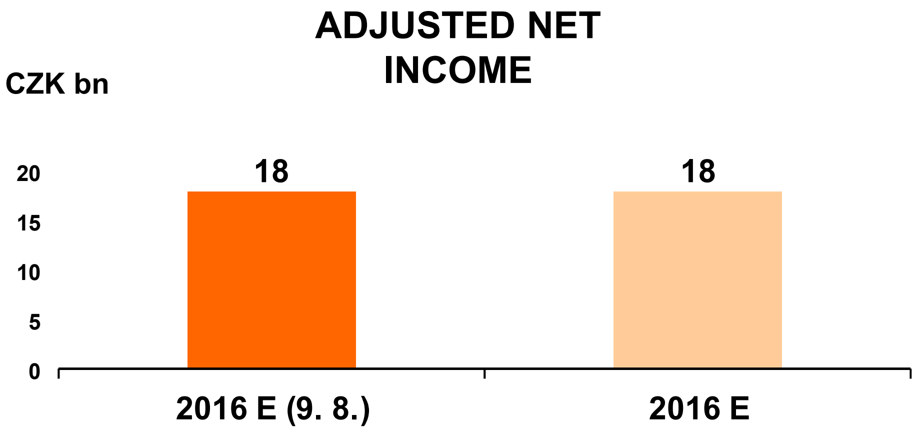
Nuclear Generation Prediction for 2016



Over 6,000 welds in total are expected to be inspected at the Temelín Nuclear Power Plant: about 64% will be inspected by the end of 2016 and the remaining 36% are expected to be inspected in 2017.

WE STILL EXPECT ANNUAL ADJUSTED NET INCOME AT THE LEVEL OF CZK 18BN, EBITDA APPROX. CZK 56BN





Selected negative effects on EBITDA outlook (as compared to Aug 9):

- Longer outage of Temelín NPP Unit 2 due to a turbine fault
- Longer outages at Temelín NPP due to comprehensive weld inspections
- Impairment* of Ecowind projects in relation to RES legislation changes in Poland

Selected positive effects on EBITDA outlook (as compared to Aug 9):

- Lower fixed operating cost
- Higher gross margin on electricity and natural gas sales in the Czech Rep. and abroad

* Adjusted net income increased by this effect in line with the indicator definition (CZK +0.3bn) .

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CEZ GROUP FINANCIAL RESULTS

(CZK bn)	Q1 - Q3 2015	Q1 - Q3 2016	Change	%
Revenues	152.5	145.1	-7.4	-5%
EBITDA	48.4	43.8	-4.6	-10%
EBIT	24.6	21.6	-3.0	-12%
Net income	16.6	14.7	-1.9	-11%
Net income - adjusted *	18.6	16.7	-1.9	-10%
Operating CF	49.8	40.5	-9.3	-19%
CAPEX	20.2	21.5	+1.3	+6%
Net debt **	140.3	140.0	-0.3	0%

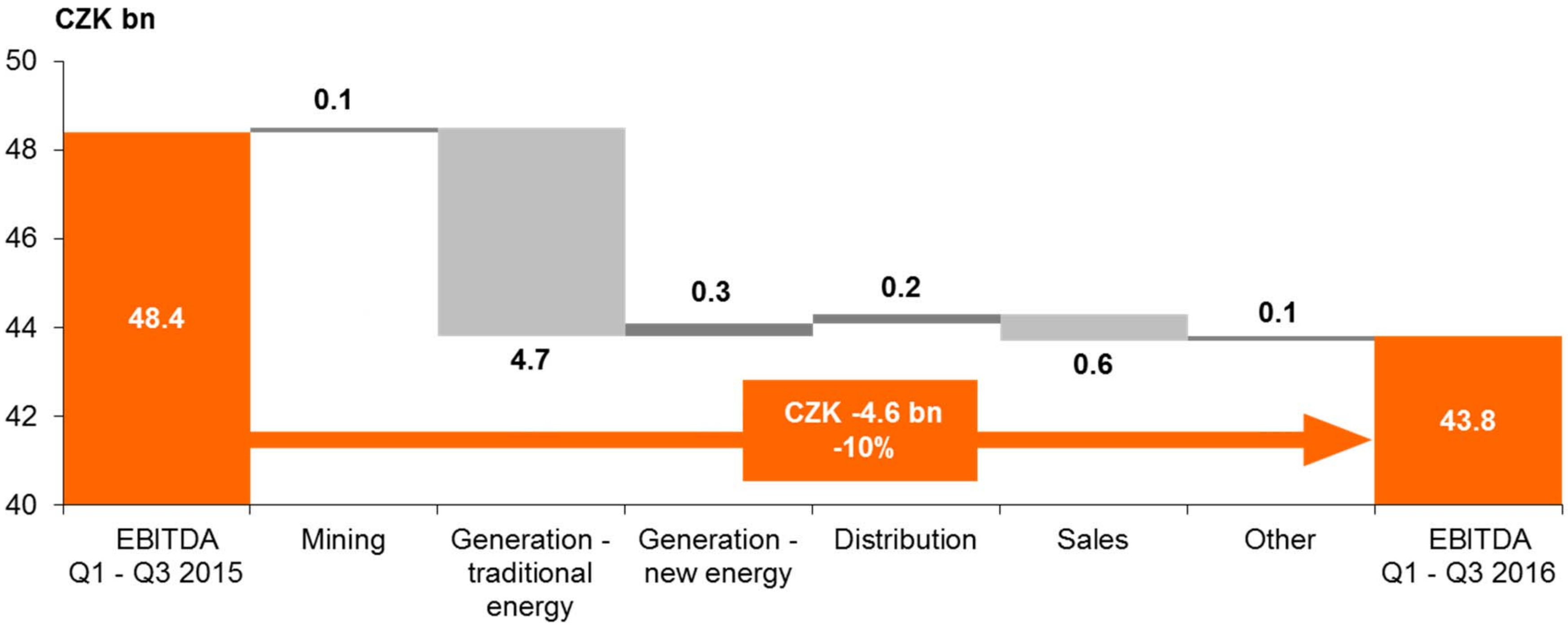
		Q1 - Q3 2015	Q1 - Q3 2016	Change	%
Installed capacity **	GW	15.9	16.1	+0.1	+1%
Generation of electricity	TWh	45.6	45.1	-0.5	-1%
Electricity distribution to end customers	TWh	36.1	36.8	+0.6	+2%
Electricity sales to end customers	TWh	28.0	26.8	-1.1	-4%
Sales of natural gas to end customers	TWh	4.6	5.1	+0.5	+11%
Sales of heat	000´TJ	14.8	15.3	+0.5	+3%
Number of employees **	000´s	25.7	26.6	+0.9	+3%

* Adjusted net income = Net income adjusted for selected effects that are generally unrelated to ordinary financial performance in a given year, especially fixed asset impairments. The definition of Adjusted Net Income was refined in Q3 2016 (see Annex).

** As at the last day of the period;

The definition and method of calculation of the Net Debt indicator is included in the Annex

YEAR-ON-YEAR CHANGE IN EBITDA BY SEGMENT



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

SEGMENT: GENERATION–TRADITIONAL ENERGY

EBITDA (CZK bn)	Q1 - Q3 2015	Q1 - Q3 2016	Change	%
Czech Republic	21.0	16.6	-4.5	-21%
Poland	1.2	0.9	-0.3	-22%
Romania	0.0	0.0	0.0	+96%
Bulgaria	0.0	0.0	0.0	+9%
Generation - traditional energy	**22.1**	**17.4**	**-4.7**	**-21%**

Czech Republic (CZK -4.5bn)

- Lower realization prices of generated electricity, incl. effects of hedges (CZK -4.5bn)
- Effect of change in generation volume and structure (CZK -0.6bn)
- Higher expenses on emission allowances (CZK -0.4bn)
- Lower revenue from ancillary services (CZK -0.2bn)
- Higher profit on commodity trading (CZK +0.9bn)
- Effect of USD/EUR exchange rate on oil-linked contract hedging (CZK +0.5bn)
- Other effects (CZK -0.2bn)

Poland (CZK -0.3bn)

- In particular, decrease in green certificate prices and allocation (acc. to volume of biomass co-firing)

SEGMENT: GENERATION—NEW ENERGY

EBITDA (CZK bn)	Q1 - Q3 2015	Q1 - Q3 2016	Change	%
Czech Republic	1.6	1.6	0.0	+1%
Poland	0.0	-0.4	-0.4	>200%
Romania	0.5	1.2	+0.7	+137%
Bulgaria	0.0	0.0	0.0	-33%
Generation - new energy	**2.1**	**2.4**	**+0.3**	**+14%**

Poland (CZK -0.4bn)

- Impairment* of Ecowind projects in relation to RES legislation changes in Poland

Romania (CZK +0.7bn)

- Resumed allocation of green certificates for Fântânele Vest and Cogealac wind farms since September 2015 (CZK +0.8bn)
- Lower production due to worse weather conditions and generation restrictions imposed by the semi-state-owned transmission system operator in order to regulate the transmission grid (CZK -0.1bn)

*Adjusted net income was increased by this impact in line with indicator definition (CZK +0.3 bn).

SEGMENT: DISTRIBUTION

EBITDA (CZK bn)	Q1 - Q3 2015	Q1 - Q3 2016	Change	%
Czech Republic	11.8	12.3	+0.4	+4%
Romania	1.9	1.5	-0.5	-24%
Bulgaria	0.7	0.9	+0.2	+26%
Distribution	**14.5**	**14.6**	**+0.2**	**+1%**

Czech Republic (CZK +0.4bn)

- Higher amount of distributed electricity (CZK +0.6bn) relating to customers' increased consumption (at all voltage levels)
- Higher fixed operating costs (CZK -0.2bn) primarily due to increased maintenance and increased number of employees

Romania (CZK -0.5bn)

- Lower margin on distributed electricity due to lower regulated tariffs since Jan 1, 2016 and slightly lower amount of distributed electricity (CZK -0.4bn)
- Higher additions to allowances for receivables (CZK -0.1bn)

Bulgaria (CZK +0.2bn)

- Overhead costs reduction

SEGMENT: SALES

EBITDA (CZK bn)	Q1 - Q3 2015	Q1 - Q3 2016	Change	%
Czech Republic	4.2	3.2	-1.0	-24%
Poland	0.1	0.0	-0.1	-
Romania	0.1	0.3	+0.2	+176%
Bulgaria	0.2	0.3	+0.2	+122%
Other countries	0.1	0.2	+0.1	>200%
Sales	**4.6**	**4.1**	**-0.6**	**-12%**

Czech Republic (CZK -1.0bn)

- Payment of SŽDC debts from 2010 to ČEZ Prodej based on a court decision in 2015 (CZK -1.1bn)
- Increase in fixed operating costs due to development activities (CZK -0.3bn)
- Higher gross margin of ČEZ Prodej due to decreased costs of purchased gas and electricity and an increased amount of delivered gas in connection with continued acquisition of new customers (CZK +0.4bn)

Romania (CZK +0.2bn)

- Higher margin on electricity sold and overhead costs reduction

Bulgaria (CZK +0.2bn)

- Higher margin on electricity and effect of receivables write-off in 2015

SŽDC—Správa železniční dopravní cesty (Czech Railway Infrastructure Administration)

MINING & OTHER SEGMENTS

EBITDA (CZK bn)	Q1 - Q3 2015	Q1 - Q3 2016	Change	%
Czech Republic	3.1	3.2	+0.1	+3%
Mining	**3.1**	**3.2**	**+0.1**	**+3%**

EBITDA (CZK bn)	Q1 - Q3 2015	Q1 - Q3 2016	Change	%
Czech Republic	1.9	1.9	+0.1	+3%
Poland	0.0	0.0	0.0	+30%
Romania	0.1	0.1	0.0	+33%
Bulgaria	0.1	0.1	+0.1	+102%
Other countries	-0.1	-0.1	-0.1	-54%
Other	**1.9**	**2.0**	**+0.1**	**+5%**

OTHER INCOME (EXPENSES)

(CZK bn)	Q1 - Q3 2015	Q1 - Q3 2016	Change	%
EBITDA	48.4	43.8	-4.6	-10%
Depreciation, amortization and impairments*	**-23.8**	**-22.2**	**+1.6**	**+7%**
Other income (expenses)	**-3.7**	**-3.3**	**+0.4**	**+11%**
Interest income (expenses)	-1.9	-1.6	+0.3	+16%
Interest on nuclear and other provisions	-1.3	-1.1	+0.1	+11%
Income (expenses) from investments and securities	-0.9	-0.2	+0.7	+76%
Other	0.3	-0.4	-0.7	-
Income taxes	**-4.3**	**-3.6**	**+0.7**	**+17%**
Net income	16.6	14.7	-1.9	-11%
Net income - adjusted	**18.6**	**16.7**	**-1.9**	**-10%**

Depreciation, amortization, and impairments* (CZK +1.6bn)

- Lower additions to fixed asset impairments (CZK +1.4bn)

Other income (expenses) (CZK +0.4bn)

- Positive effect of USD/TRY exchange rate (CZK +1.9bn), partial write-off of Turkish companies' goodwill (CZK -0.7bn)**
- Positive effect of decreased debt on interest expenses (CZK +0.4bn)
- Significant increase in value of bonds on restricted accounts of ČEZ, a. s. in 2015 (CZK -0.3bn)
- Negative effect of revaluation of financial derivatives and foreign exchange rate gains and losses (CZK -0.8bn)

Net income adjustment ***

- *Q1–Q3 2015 net income adjusted for the negative effect of fixed asset impairments (CZK +2.0bn)*
- *Q1–Q3 2016 net income adjusted for the negative effect of fixed asset impairments, goodwill write-offs** and impairments of development projects (CZK +2.0bn in total)*

* Including profit/loss from sales of tangible and intangible fixed assets
** The partial write-off of Turkish companies' goodwill is included in Income (expenses) from investments and securities
*** The definition of Adjusted Net Income was refined in Q3 2016 (see Annex)

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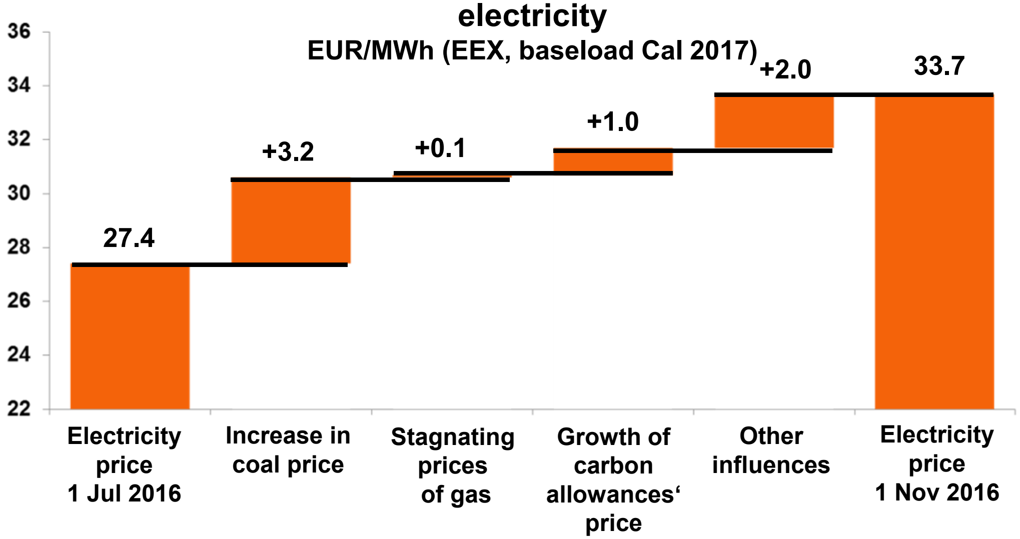
WHOLESALE MARKET AND CONSUMPTION CHANGES IN THE CZECH REPUBLIC

WHOLESALE MARKET

- The wholesale price of electricity on the German market (CAL 17—2017 year band—EEX) is currently around 35 EUR/MWh, the price on the Czech market (PXE) is approx. 0.2 EUR/MWh higher
- The price of emission allowances is currently around 6 EUR/t

Breakdown of factors influencing change in price of electricity

EUR/MWh (EEX, baseload Cal 2017)

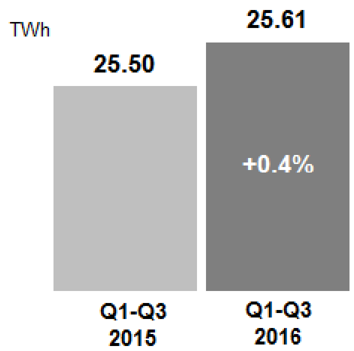


ELECTRICITY CONSUMPTION IN THE CZECH REP. INCREASED*

- Electricity consumption in the Czech Rep. increased by 0.9%
- Temperature- and calendar-adjusted consumption increased by 0.4%

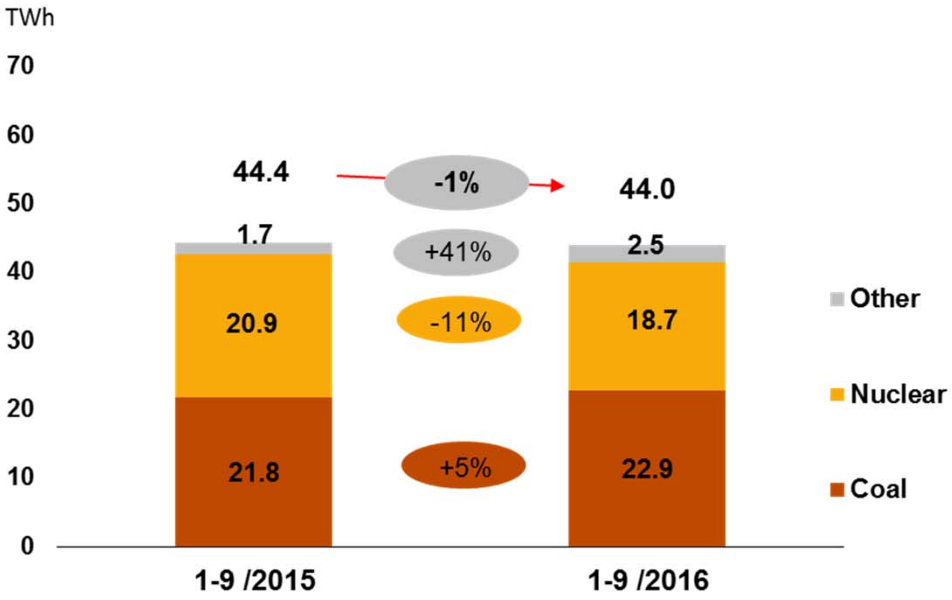
Consumption in the distribution area of ČEZ Distribuce

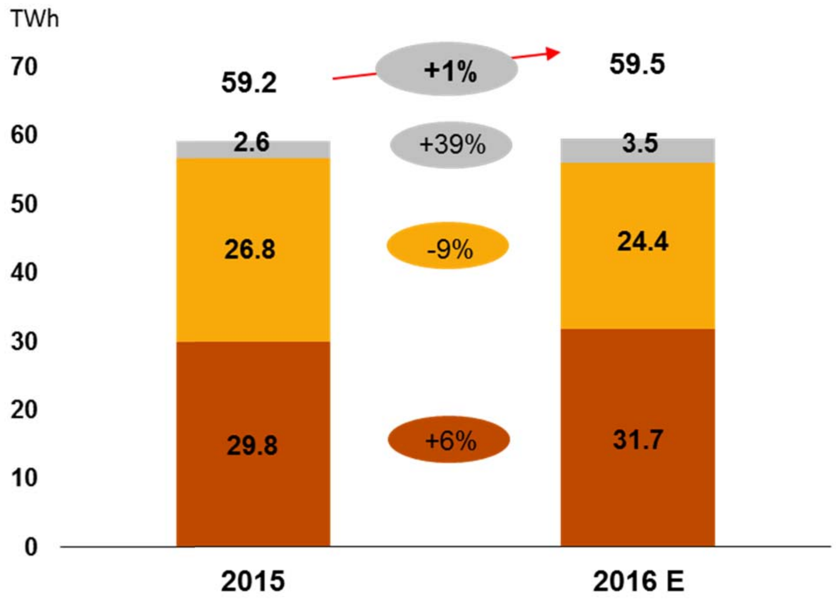
(temperature and calendar adjusted)**



* Acc. to data and model of ČEZ Distribuce, a. s. ** Data and adjustment as per ČEZ Distribuce, a. s. model

GENERATION—TRADITIONAL ENERGY





Nuclear Power Plants (-11%)

− Extended outages of nuclear facilities (especially Dukovany NPP) due to weld inspections

Czech Rep.—Coal-Fired Power Plants (+6%)

+ Operation of new Ledvice 4 Power Plant facility (during construction)
+ Operation of Prunéřov 2 Power Plant (during comprehensive renovation)

Poland—Coal-Fired Power Plants (0%)

Other (+41%)

+ Primarily increased production at Počerady CCGT plant

Nuclear Power Plants (-9%)

− Extended outages of Dukovany NPP and Temelín NPP primarily due to weld inspections

Czech Rep.—Coal-Fired Power Plants (+6%)

+ Operation of comprehensively renovated Prunéřov 2 Power Plant
+ Operation of new Ledvice 4 Power Plant facility (during construction)

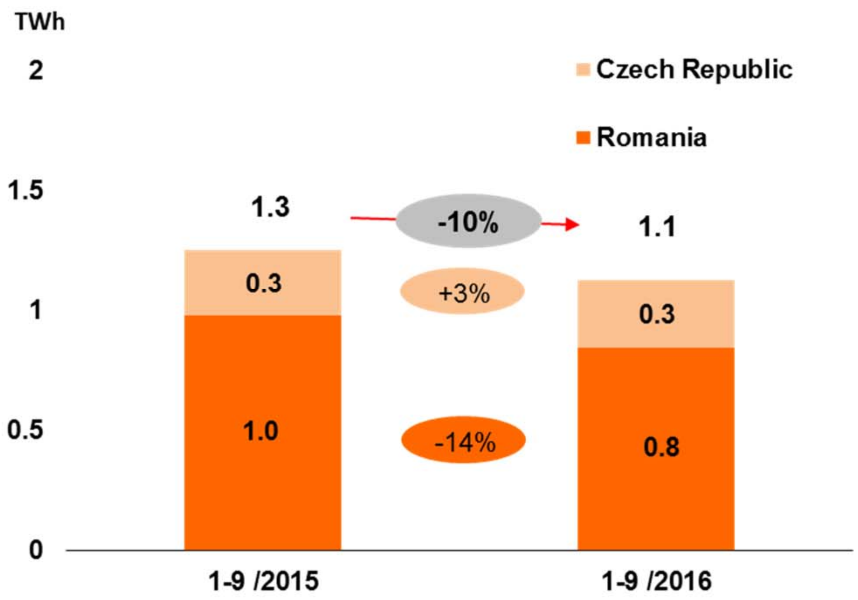
Poland—Coal-Fired Power Plants (+1%)

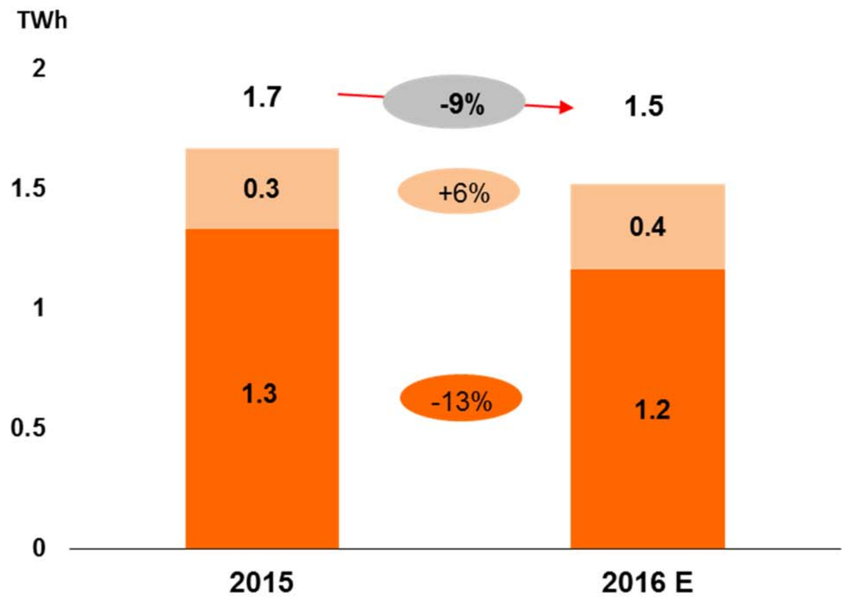
Other (+39%)

+ Primarily increased production at Počerady CCGT plant

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

GENERATION—NEW ENERGY





Czech Republic (+3%)

Romania (-14%)

− Lower production due to worse weather conditions and generation restrictions imposed by the semi-state-owned transmission system operator in order to regulate the transmission grid

Czech Republic (+6%)

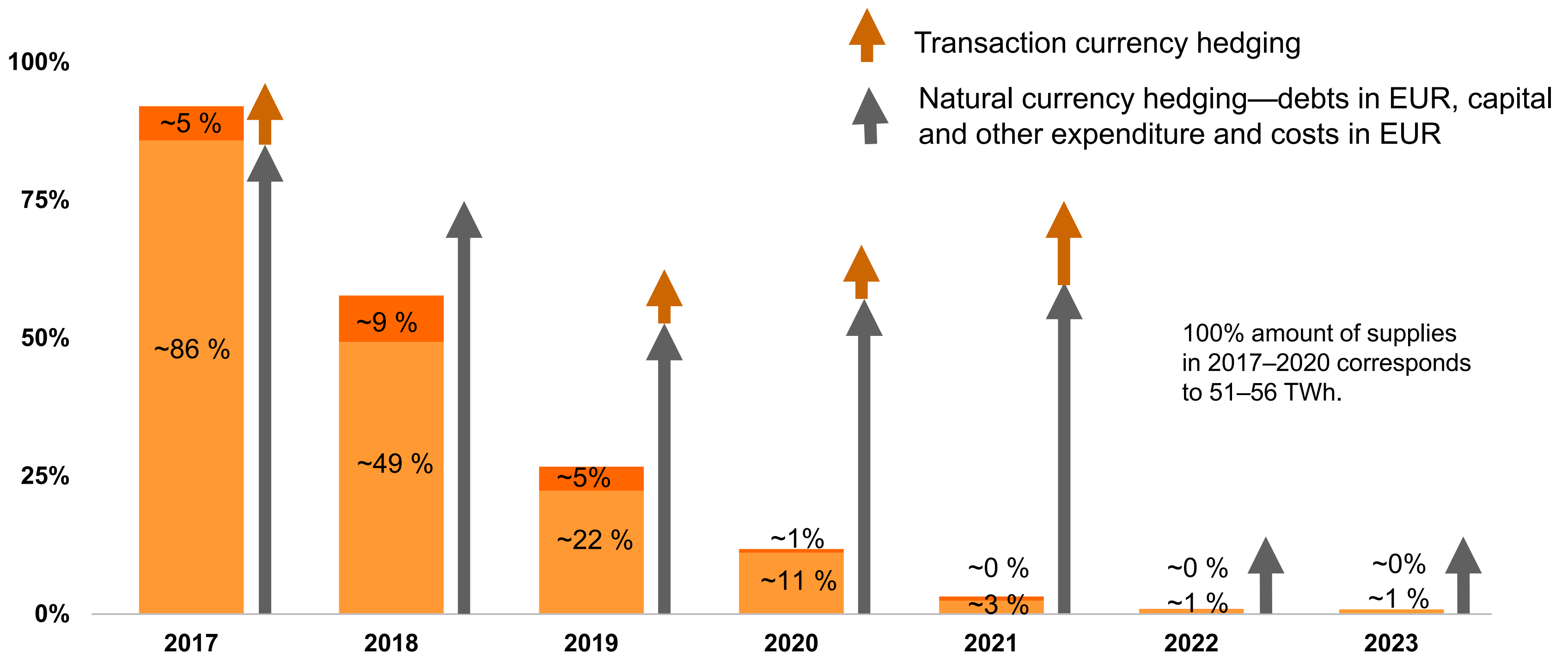
+ Unfavorable hydrometeorologic conditions for hydroelectricity generation in H2 2015

Romania (-13%)

− Worse weather conditions and generation restrictions imposed by the semi-state-owned transmission system operator in order to regulate the transmission grid

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

Share of Hedged Production of ČEZ* Facilities as of Oct 31, 2016



	2017	2018	2019	2020	2021	2022	2023
Total hedged (of production)	**~ 91 %**	**~ 58 %**	**~ 27 %**	**~ 12 %**	**~ 3 %**	**~ 1 %**	**~ 1 %**
At price (EUR/MWh, BL equivalent)	**31.0**	**29.0**	**30.0**	**36.5**	**32.0**	**39.0**	**40.5**

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

ČEZ PRODEJ COMES WITH NEW SERVICES AND PRODUCTS ESPECIALLY FOR HOUSEHOLDS

11 new non-commodity services introduced | **Electricity and gas products innovated**

A TECHNOLOGY PACKAGES WITH DESIGN

+ ČEZ TECHNOLOGY LOAN

- A1 Photovoltaics
- A2 Heat Pump as a Heating Source
- A3 Heating Source Replacement—Heat Pump
- A4 Gas Boiler—Renovation
- A5 Heating Source Replacement—Gas Boiler
- A6 Heating Source Replacement—Wood Gasification Boiler

B TECHNOLOGY PACKAGES WITHOUT DESIGN

- B1 Major Appliances
- B2 Mandatory Inspection under Control
- B3 Smart Thermostat

C COMPLEMENTARY SERVICES

- C1 ČEZ Assistant Plus
- C2 ČEZ without Worries
- C3 MOBILE FROM ČEZ
- C4 ČEZ Card
- C5 ČEZ Loan
- C6 ČEZ Technology Loan

The offer of new products and services will be supported by ČEZ Prodej's new information system, which will enable:

- Efficient preparation and development of new products and services
- High-quality handling of customer requests and an upgrade to the customer system
- Quicker and more frequent innovation of the product range
- Support for further digitization of products and operations

Our new solution for the separation of distribution and sales systems is also in line with the latest European trends in regulation.

ČEZ ESCO ACCOMMODATES CUSTOMERS' NEEDS IN THE CZECH REPUBLIC AND ABROAD

Specialized CEZ Group companies will meet the needs of every segment from commodity supplies to a wide range of energy and related services

Czech Republic—ČEZ ESCO introduces new services and products especially for businesses and municipalities

Acquisition of companies having new products

- **juwi/ČEZ Solární**—construction and operation of photovoltaic panels
- **AZ KLIMA**
  - No. 1 in the Czech HVAC market
  - ČEZ ESCO is 100% owner
  - It will become competence center of ČEZ ESCO for integrated heating, cooling, ventilation and air-conditioning systems (HVAC services)
  - Company in figures:
    - Founded in 1992
    - More than 4,000 reference projects to date
    - 2015 EBITDA reached CZK 57m
    - 247 employees
    - 2015 revenues were CZK 660m, expecting 710m this year

Internally developed products

- Lighting
- Customer-side consumption management

Expansion of ESCO services abroad

CEZ ESCO Polska

- The goal is to build a major position on the Polish market through both acquisitions and organic growth and by using ČEZ ESCO's expertise
- Focus on:
  - Small cogeneration units
  - Lighting
  - Photovoltaics
  - Energy audits
  - Energy efficiency
- The CEZ ESCO Polska team is assessing the first acquisition targets

Analysis of opportunities in other European markets is under way

HVAC—Heating, Ventilation, and Air Conditioning

ANNEXES

- Selected Events in the Past Quarter
- Electricity Consumption
- Mining Volumes
- EBITDA—Q3 Year-on-Year Comparison
- Net Income—Q3 Year-on-Year Comparison
- Cash Flows
- Balance Sheet Overview
- Credit Facilities and Bonds
- Investments in Fixed Assets
- Market Developments
- Methods Used to Calculate Indicators Unspecified in IFRS (in Accordance with ESMA Guidelines)
- Electricity Balance

ESMA—European Securities and Markets Authority

SELECTED EVENTS IN THE PAST QUARTER

ROMANIA

- Following the July decision of the European Commission (DG Competition Council) on individual notification for the Fântânele Vest and Cogealac wind parks, the Romanian regulatory authority ANRE issued final accreditation for the Fântânele Vest and Cogealac wind parks on Sep 27, 2016.

BULGARIA

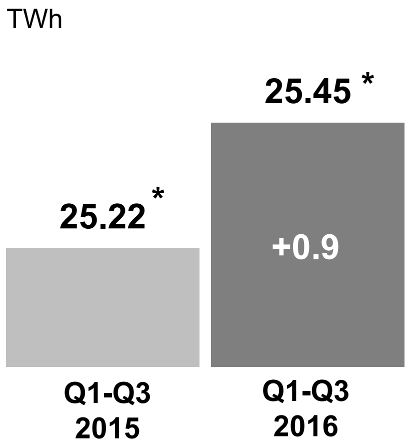
- On Nov 2, a loan facility agreement was signed between EBRD and CEZ Razpredelenie Bulgaria AD, allowing the company to take out a loan of up to EUR 116m (approx. CZK 3.1bn) from EBRD and commercial banks without any guarantee by ČEZ, a. s., further reducing financial exposure abroad
- At the end of July, ČEZ's Request for Arbitration against the Republic of Bulgaria was duly registered with the International Centre for Settlement of Investment Disputes (ICSID) and delivered to Bulgaria. The Request for Arbitration was filed by ČEZ, a. s. on July 12, 2016, officially commencing international investment arbitration for the non-protection of its investment under the Energy Charter Treaty. ČEZ, a. s. has already appointed its arbitrator and the appointment of Bulgaria's arbitrator is now awaited. The president of the tribunal will then be appointed and in parallel the exact place of arbitration will be specified.

MONTENEGRO

- On Sep 29, ŠKODA PRAHA, a.s. signed contracts for the construction of a 254MW brown coal-fired power plant at Pljevlja, Montenegro. The power plant is designed to have an efficiency of 39.5%, high operational availability, and comply with environmental laws by a great margin, especially in desulfurization and denitrification.
- Elektropriveda, the Montenegrin investor, is now working with ŠKODA PRAHA on ways to fund the project.

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

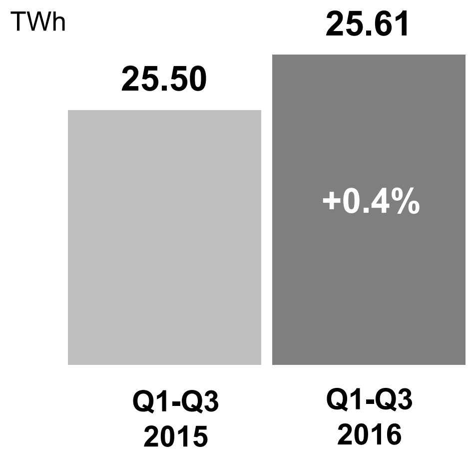
Consumption in the Distribution Area of ČEZ Distribuce



Changes in consumption (+0.9%) by segment:*

- +0.7% large end customers
- +1.2% residential customers
- +1.3% commercial retail

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

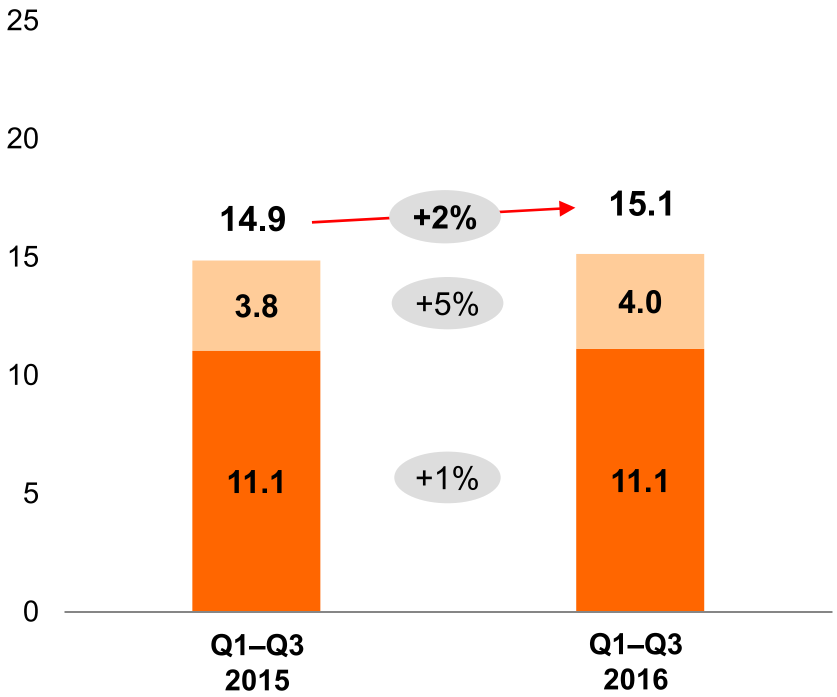


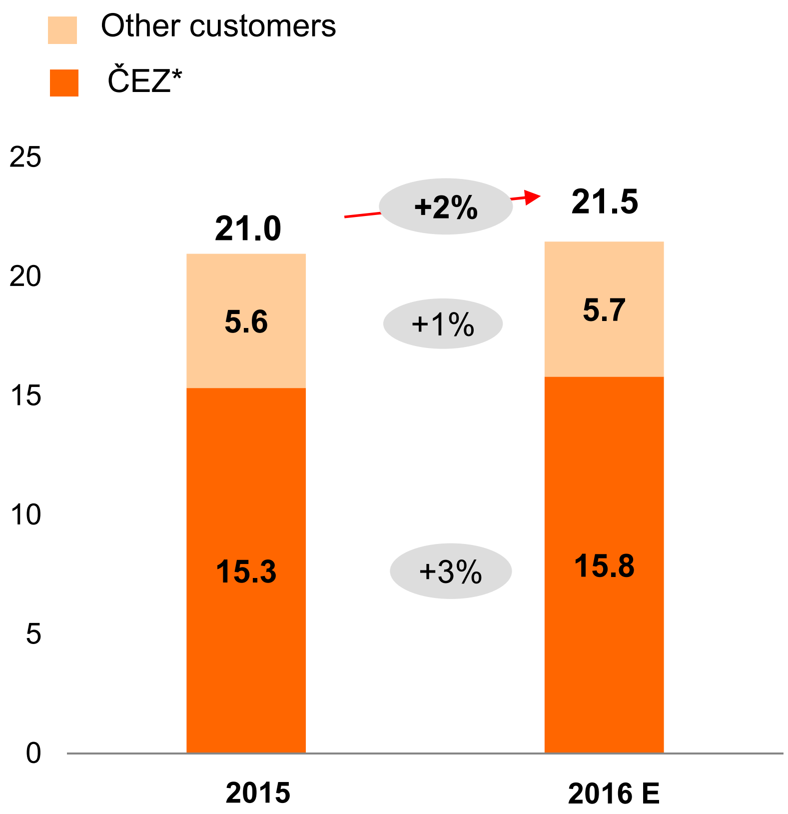
- Analysis based on CEZ Group's internal data.
- The distribution area of CEZ Group covers around 5/8 of the Czech Republic's territory, so the data is a good indicator of nationwide consumption trends.

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

MINING

Severočeské doly—Coal Extraction
(Millions of Tons)



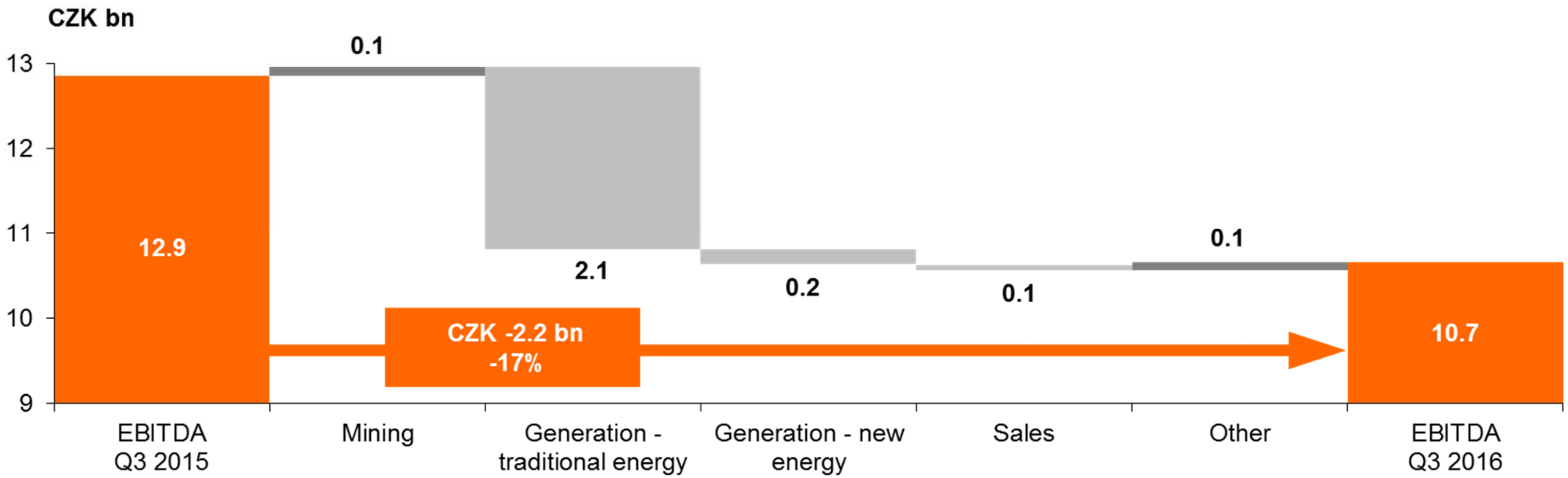


- Increase in saleable output primarily due to higher sales outside CEZ Group

- Year-on-year increase in saleable production of 0.5 million tons primarily attributable to expected increased consumption of thermal coal by ČEZ

* ČEZ = ČEZ, a. s., including Počerady Power Plant and Energotrans

EBITDA—Q3 YEAR-ON-YEAR COMPARISON



CEZ Group EBITDA (CZK -2.2bn):

- **Generation—Traditional Energy (CZK -2.1bn):** Lower realization prices of generated electricity, incl. the impact of hedges (CZK -1.1bn); change in production volume and structure (CZK -0.3bn); higher expenses on emission allowances (CZK -0.4bn); lower revenue from ancillary services (CZK -0.1bn).
- **Generation—New Energy (CZK -0.2bn):** Impairment of Ecowind projects (in connection with changes in RES legislation in Poland) was partially offset by the positive effect of renewed allocation of green certificates for the Fântânele Vest and Cogealac wind farms since September 2015

Note: No year-on-year change in the Distribution segment

NET INCOME–Q3 YEAR-ON-YEAR COMPARISON

(CZK bn)	Q3 2015	Q3 2016	Change	%
EBITDA	12.9	10.7	-2.2	-17%
Depreciation, amortization and impairments*	-9.5	-7.1	+2.5	+26%
Other income (expenses)	-1.6	-2.4	-0.8	-51%
Income taxes	-0.5	-0.3	+0.3	+51%
Net income	1.2	0.9	-0.3	-24%
Net income - adjusted	**3.2**	**1.9**	**-1.3**	**-39%**

Depreciation, amortization, and impairments* (CZK +2.5bn):

- Additions to fixed asset impairments in Q3 2015

Other income (expenses) (CZK -0.8bn):

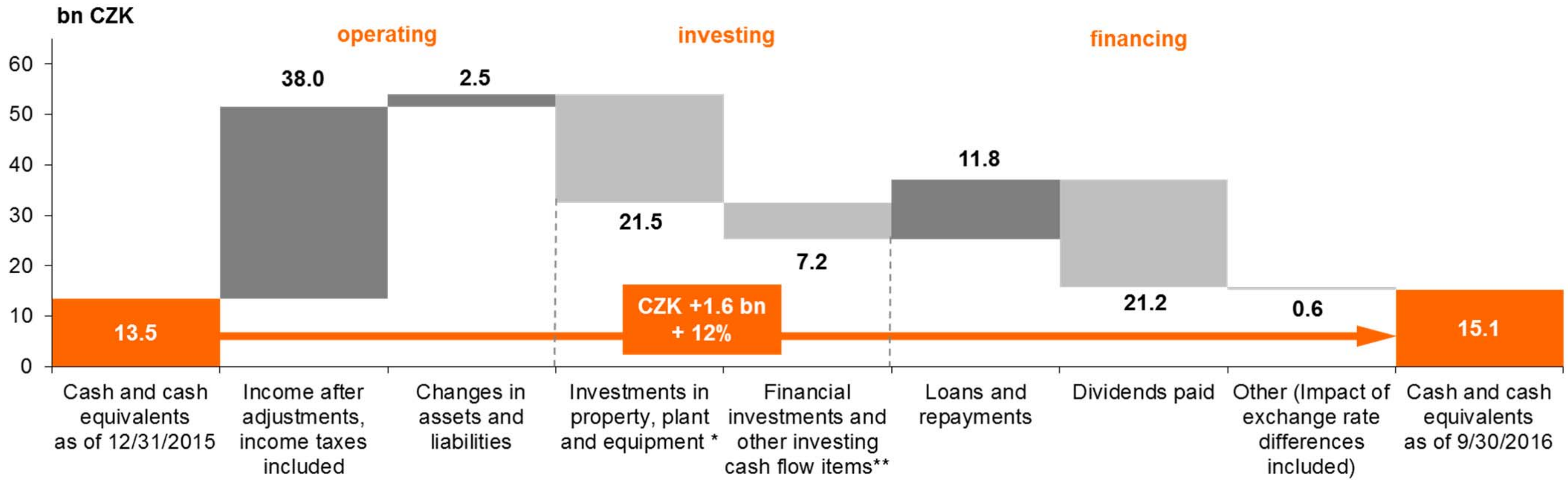
- Negative effect of revaluation of financial derivatives and foreign exchange rate gains and losses (CZK -0.8bn)
- Positive effect of USD/TRY exchange rate (CZK +0.9bn), partial write-off of Turkish companies' goodwill (CZK -0.7bn)**

Net income adjustment ***

- *Q3 2015 net income adjusted for negative effect of fixed asset impairments (CZK +2.0bn)*
- *Q3 2016 net income adjusted for negative effect of goodwill write-offs** and negative effect of impairments of development projects (CZK +1.0bn in total)*

* Including profit/loss from sales of tangible and intangible fixed assets
** The partial write-off of Turkish companies' goodwill is included in Income (Expenses) from Investments and Securities
*** The definition of Adjusted Net Income was refined in Q3 2016 (see Annex).

CASH FLOWS



Cash Flows from Operating Activities (CZK +40.5bn)

- Income after adjustments (CZK +38.0bn): income before taxes (CZK +18.3bn), depreciation and amortization of nuclear fuel (CZK +23.7bn), dividends received (CZK +0.6bn), income tax paid (CZK -5.7bn)
- Changes in assets and liabilities (CZK +2.5bn): primarily due to decrease in term deposits and liquid securities

Cash Flows Used In Investing Activities (CZK -28.7bn)

- Investments in property, plant, and equipment—CAPEX (CZK -21.5bn): see details in Annex
- Investments in long-term financial assets (CZK -5.1bn), of which: purchase of bank bonds (CZK -4.7bn), INVEN CAPITAL's new investments (CZK -0.5bn)
- Change in liabilities attributable to investments in fixed assets (CZK -1.4bn), change in restricted financial assets (CZK -0.9bn)

Cash Flows Provided by Financing Activities (CZK -10.1bn)

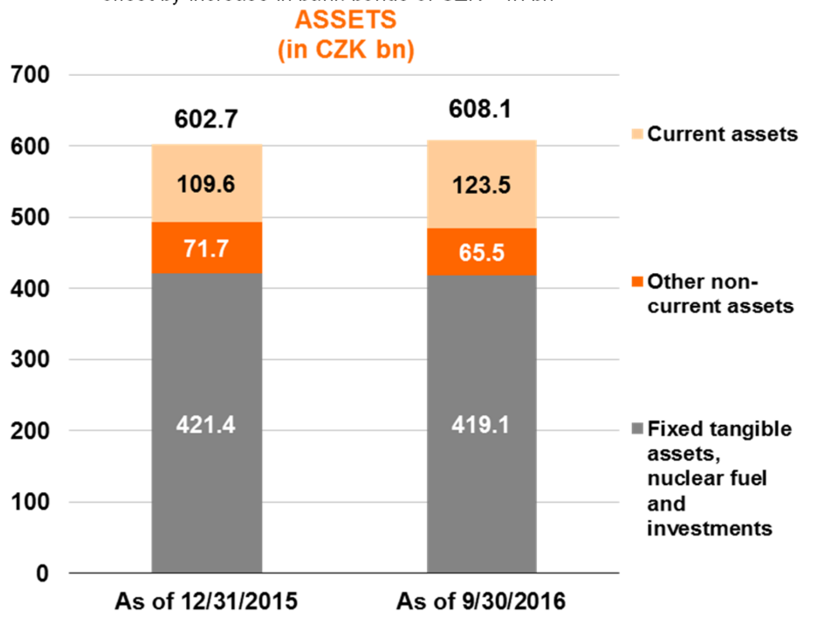
- Dividends paid to shareholders, including non-controlling interests (CZK -21.3bn); balance of loans and repayments (CZK +11.8bn); change in other long-term liabilities (CZK -0.6bn)

* CAPEX
** Including change in payables from the acquisition of fixed assets, balance of loans granted, divestments, and change of restricted funds

BALANCE SHEET OVERVIEW

Fixed Assets

- Decrease in PP&E of CZK -2.3bn due to depreciation, amortization, and impairments, partially offset by investments in the renewal and construction of generating facilities and distribution grids and increase in nuclear fuel inventory
- Decrease in other non-current assets of CZK -6.2bn, primarily due to reclassification of MOL Nyrt. shares to current assets of CZK -9.4bn and decrease in long-term receivables from derivatives of CZK -1.4bn, partially offset by increase in bank bonds of CZK +4.7bn

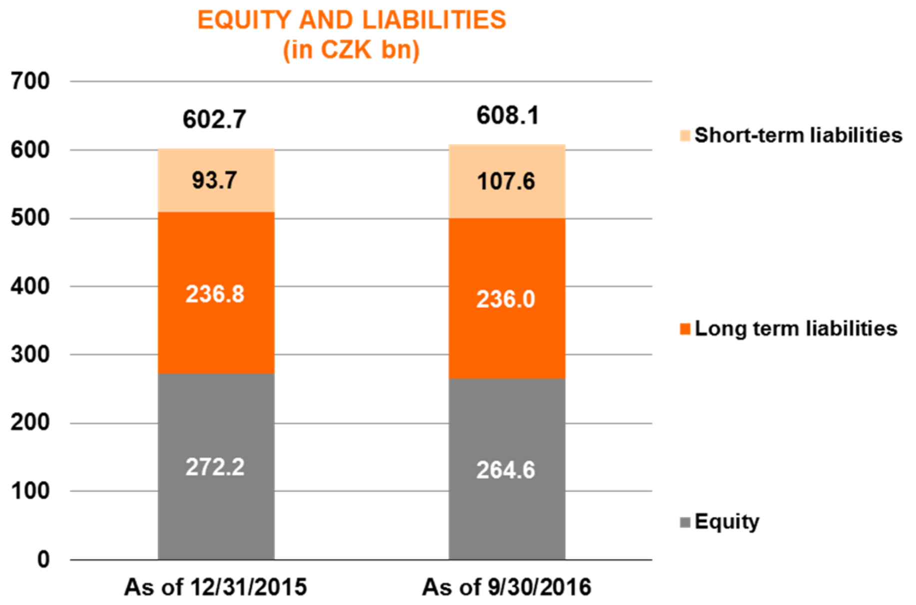


Current Assets

- Increase in available-for-sale securities and short-term deposits of CZK +8.4bn, primarily due to reclassification of MOL shares from other non-current assets
- Increase in net receivables of CZK +4.5bn
- Increase in income tax receivables of CZK +3.9bn
- Increase in cash and cash equivalents of CZK +1.6bn
- Decrease in receivables from derivatives including options of CZK -2.4bn
- Decrease in inventories of emission allowances of CZK -1.7bn

Equity and Long-Term Liabilities

- Decrease in equity of CZK -7.6bn: paid dividends of CZK -21.3bn, increase in net income of CZK +14.7bn, other comprehensive income of CZK -1.0bn
- Decrease in long-term liabilities primarily due to decrease in issued bonds of CZK -6.3bn offset by increase in deferred tax liability of CZK +2.0bn, increase in long-term bank loans of CZK +1.4bn and increase in nuclear provisions of CZK +1.2bn



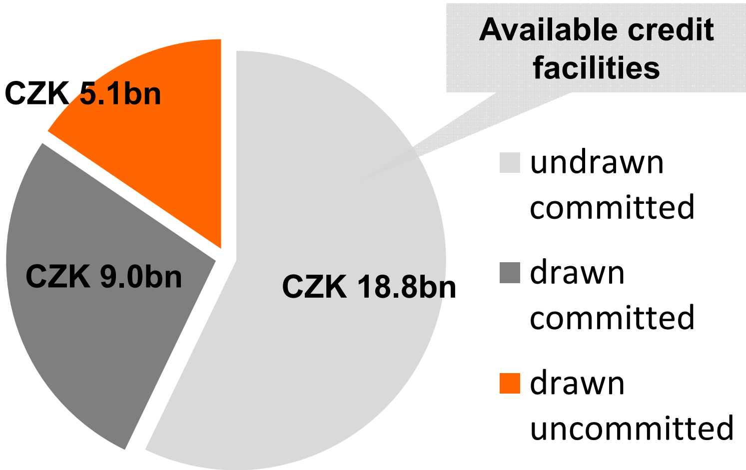
Short-Term Liabilities

- Increase in current portion of long-term debt, including short-term bank loans, of CZK +17.6bn
- Increase in trade payables including advances of CZK +2.0bn
- Decrease in unbilled goods and services of CZK -1.8bn, decrease in provision for emission allowances of CZK -1.1bn, decrease in income tax liabilities of CZK -1.5bn
- Decrease in other liabilities of CZK -1.4bn

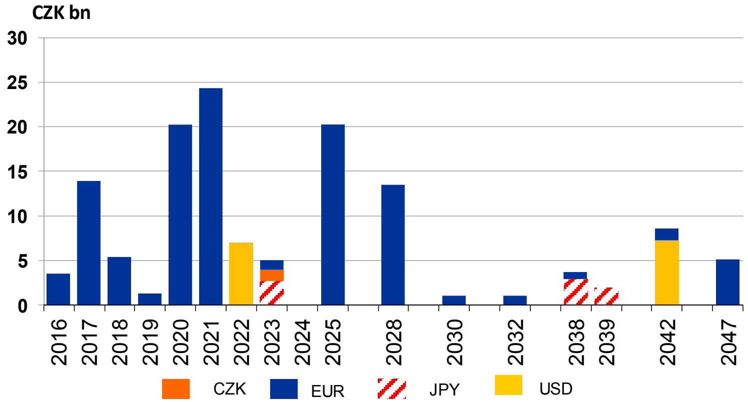
 Due to precise mathematical rounding, the sum of partial values can sometimes differ from the total value.

CEZ GROUP MAINTAINS A STRONG LIQUIDITY POSITION

Utilization of Short-Term Lines (as at Sep 30, 2016)



Bond Maturity Profile (as at Sep 30, 2016)



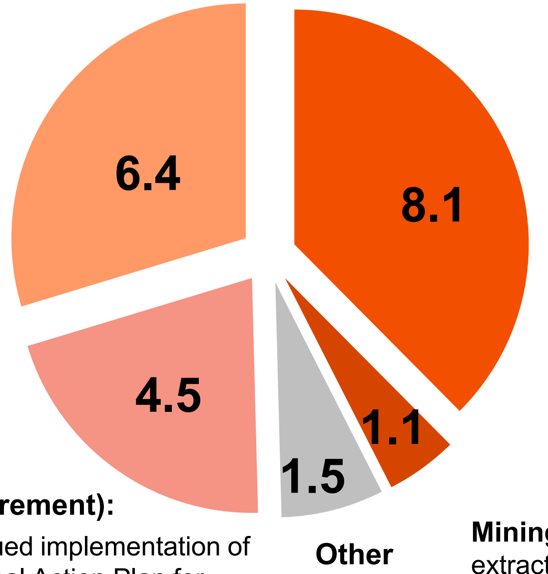
- CEZ Group has access to CZK 27.8bn in committed credit facilities, using CZK 9.0bn as at Sep 30, 2016.
- Committed facilities are kept as a reserve for covering unexpected expenses and to fund short-term financial needs.
- The payment of dividends for 2015 (CZK 21.4bn) began on August 1, 2016.
  99% of the amount was paid as at September 30.

INVESTMENTS IN FIXED ASSETS

CZK 21.5bn in total (Q1–Q3 2016)

Electricity distribution:
- Czech Republic: CZK 5.3bn
- Abroad: CZK 1.1bn

Conventional and other generating facilities:
- Construction of a new supercritical facility in Ledvice
- Comprehensive renovation of Prunéřov Power Plant
- Other investments

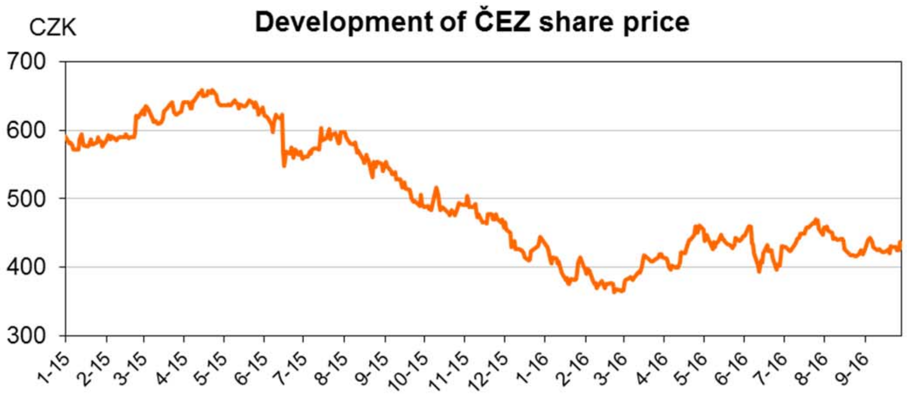


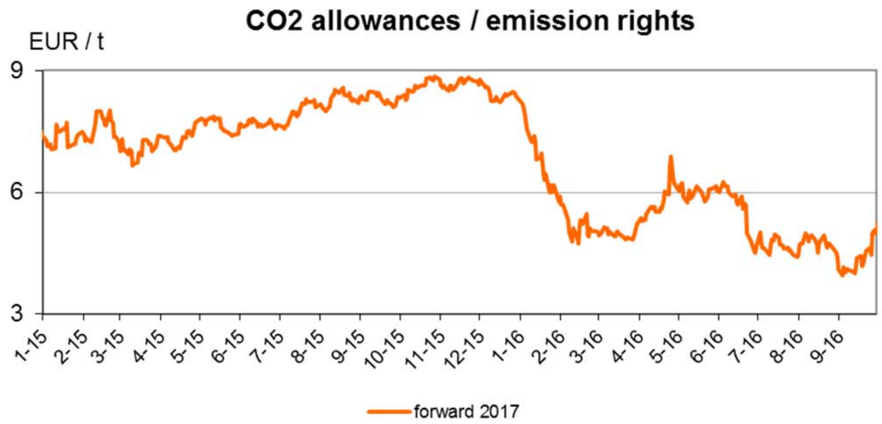
Nuclear facilities (incl. nuclear fuel procurement):
- Existing Temelín & Dukovany NPPs—Continued implementation of projects fulfilling requirements from the National Action Plan for Nuclear Safety Enhancement, drawn up after the events at the nuclear power plant at Fukushima, Japan
- New Temelín & Dukovany NPPs—Project preparation continues. The projects for the Temelín and Dukovany NNPPs were spun off into subsidiaries ETE II and EDU II in line with the Czech Republic’s National Action Plan for Nuclear Energy on October 1, 2016.

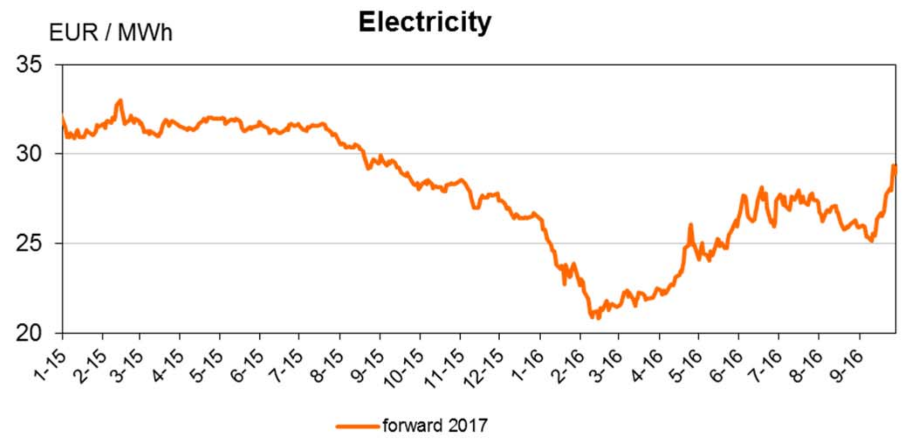
Mining—Projects reacting to the progress of extraction in the two mines (deliveries, renovation, and upgrades of mining equipment and dressing and crushing plants, construction of stabilization measures and water management structures)

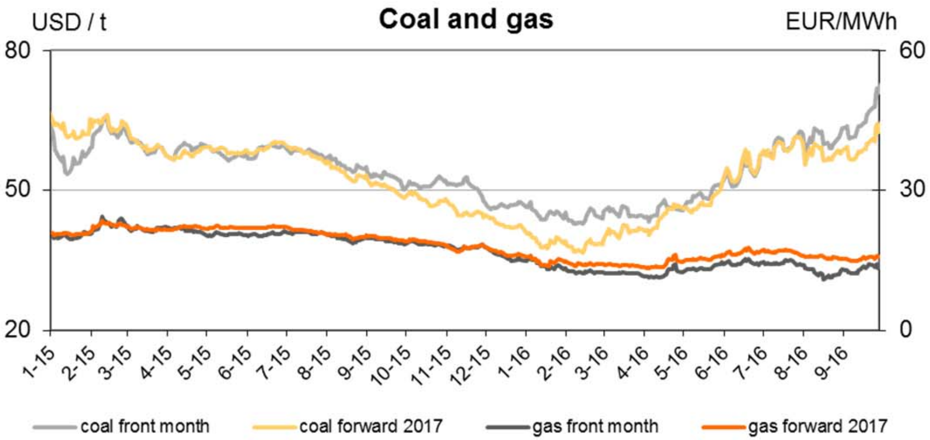
 Due to precise mathematical rounding, the sum of partial values can sometimes differ from the total value.

MARKET DEVELOPMENTS









Methodology of calculation of indicators not specified under IFRS

In line with ESMA guidelines, CEZ informs in detail about indicators, which are not normally reported as part of the IFRS statements or whose constituents are not directly available from standardized financial statements. These indicators represent supplementary information to accounting data and thus provide users of reports with the additional information helping them to assess the financial situation and performance of CEZ Group or ČEZ, a. s. These are usually indicators commonly used by other companies not only in the utilities sector.

Indicator name	
Net debt	Purpose: Indicator reflects the state of financial debt of the company, i.e. nominal value of debts reduced by cash and cash equivalents and highly liquid financial assets. The indicator is used in accessing overall debt adequacy, for example in comparison with selected profit or balance sheet items of the company. Definition: 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	Purpose: This is a complementary indicator especially for investors, creditors and shareholders, which allows the interpretation of achieved financial results excluding extraordinary, usually one-off, effects that are generally unrelated to ordinary financial performance and value creation in a given period. Definition*): Net income +/ - Impairment of plant, property and equipment and intangible assets including goodwill +/- Impairment of projects under development +/- Gain (Loss) on sale of subsidiaries, associates and joint-ventures +/- other extraordinary effects that are generally unrelated to ordinary financial performance in a given year and value creation in a given period +/- impact of above mentioned influences on income tax Change (specification) of definition compared to the last published version of Aug, 31, 2016: the definition has been amended by inclusion of impairment of projects under development, which are accounted for as inventories in the first stage and not as tangible assets until a decision on construction (realisation). These projects are in preparation and their recoverable amount is tested and may change in the future in a similar way to changes in value of tangible and intangible assets.
Dividend per share (gross)	Purpose: The indicator explains the entitlement of the shareholder to the payment of the share of the joint-stock company profit (usually for the past year), which corresponds to an ownership of one share. The subsequent payment of the share of profit is generally subject to taxation, which may be different for various shareholders. The corresponding value is thus reported before the taxation. Definition: The dividend declared in a current year per share in circulation before taxation (to be paid out in the reporting year from the profit of previous period)

Indicator name	
EBITDA (EBIT before depreciation and amortization, impairments and gains/losses on sale of property)	Purpose: This is an important economic indicator that reflects the operating performance of the company, comparable with other companies as it is not influenced by the accounting depreciation policy, capital structure of the given company and the tax regime. It is one of the basic indicators through which companies set up their main financial and strategic objectives. Definition: Income before other income (expenses) + Depreciation and amortization +/- Impairment of plant, property and equipment and intangible assets including goodwill and gain/loss from sale of property, plant and equipment and intangibles (including write-off of permanently stopped investment projects)
Net Debt / EBITDA	Purpose: It expresses the company's ability to reduce and repay its debt and the possibility to raise additional debt for business development as well. CEZ Group is using this indicator to assess the adequacy of its capital structure in relation to structure and stability of expected cash flows, in particular. Definition: Net debt / EBITDA. 12 month rolling EBITDA is used, i.e. EBITDA for the period from Oct 1 of previous year until Sep 30. Net debt figure at the end of periods is used, i.e. as of Sep 30.
Return on equity (ROE), net	Purpose: This is a ratio indicator of achieved income and capital invested by shareholders in a given company. It allows investors to compare the investment return (ROE achieved in the past period) with their initial expectations. Definition: Net income attributable to equity holders of the parent / Average equity attributable to equity holders of the parent. 12 months rolling net income is used. In this case, it is the amount of Net income achieved during the period from Oct 1 of previous year until Sep 30. For equity the average values for the current period and a period of 12 months ago is used, i.e. average as of Sep 30s.

*) Definition valid from Jan 1, 2016

Most of the components of the calculation of particular indicators are directly part of the financial statements. Parts of the calculations, which are not included in the financial statements, are usually a direct part of the company's accounting and are defined as follows:

Indicator Net debt – Item of Highly liquid financial assets:

CZK billions	Sep 30, 2015	Sep 30, 2016
Short-term equity securities available-for-sale	0.1	0.6
Short-term debt securities held-to-maturity	6.4	3.1
Short-term deposits	9.1	5.5
Long-term deposits	0.01	0.5
Long-term debt securities available-for-sale	0.7	5.3
Highly liquid financial assets in total	**16.2**	**15.0**

Indicator Adjusted net income – individual components:

Adjusted net income	Unit	1-9/2015	1-9/2016
Net income	CZK bn	16.6	14.7
Impairment of plant, property and equipment and intangible assets including goodwill	CZK bn	2.4	1.0
Impairment of projects under development*)	CZK bn	-	0.4
Impairment of plant, property and equipment and intangible assets including goodwill of joint ventures**)	CZK bn	-	0.7
Impact of Impairments on deferred and current tax in a given period ***)	CZK bn	-0.4	-0.1
Gain (Loss) on sale of subsidiaries, associates and joint-ventures	CZK bn	-	-
Other extraordinary effects	CZK bn	-	-
Adjusted net income	CZK bn	**18.6**	**16.7**

**) Included in the item Other operating expenses (provisions to inventories) of consolidated income statement*

***) Included in the item Share of profit (loss) from associates and joint-ventures of consolidated income statement*

****) Included in the item Income taxes (deferred tax) of the consolidated income statement.*

Electricity balance (GWh)

	Q1 - Q3 2015	Q1 - Q3 2016	Index 2016/2015
Electricity procured	**40,740**	**40,362**	**-1%**
Generated in-house (gross)	45,648	45,148	-1%
In-house and other consumption, including pumping in pumped-storage plants	-4,908	-4,786	-2%
Sold to end customers	**-27,967**	**-26,821**	**-4%**
Sold in the wholesale market (net)	**-9,272**	**-10,412**	**+12%**
Sold in the wholesale market	-152,014	-143,414	-6%
Purchased in the wholesale market	142,741	133,002	-7%
Grid losses	**-3,500**	**-3,128**	**-11%**

Electricity generation by source (GWh)

	Q1 - Q3 2015	Q1 - Q3 2016	Index 2016/2015
Nuclear	20,875	18,678	-11%
Coal and lignite	21,252	22,228	+5%
Water	1,690	1,766	+5%
Biomass	554	674	+22%
Photovoltaic	124	120	-4%
Wind	945	780	-17%
Natural gas	205	901	>200%
Bio gas	2	1	-35%
Total	**45,648**	**45,148**	**-1%**

Sales of electricity to end customers (GWh)

	Q1 - Q3 2015	Q1 - Q3 2016	Index 2016/2015
Households	-9,468	-9,398	-1%
Commercial (low voltage)	-4,105	-3,637	-11%
Commercial and industrial (medium and high voltage)	-14,395	-13,786	-4%
Sold to end customers	**-27,967**	**-26,821**	**-4%**

Distribution of electricity to end customers	**-36,133**	**-36,751**	**+2%**

Electricity balance (GWh)

Q1 - Q3 2016	Generation - traditional energy		Generation - new energy		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Electricity procured	**39,249**	**-**	**1,113**	**-10%**	**0**	**-**	**0**	**-**	**0**	**-**	**40,362**	**-1%**
Generated in-house (gross)	44,013	-	1,135	-10%	0	-	0	-	0	-	45,148	-1%
In-house and other consumption, including pumping in pumped-storage plants	-4,764	-	-22	+31%	0	-	0	-	0	-	-4,786	-2%
Sold to end customers	**-181**	**-**	**0**	**-**	**0**	**-**	**-27,881**	**-4%**	**1,241**	**-11%**	**-26,821**	**-4%**
Sold in the wholesale market (net)	**-39,067**	**-**	**-1,113**	**-10%**	**3,128**	**-11%**	**27,881**	**-4%**	**-1,241**	**-11%**	**-10,412**	**+12%**
Sold in the wholesale market	-161,677	-	-1,751	-5%	0	-	-2,220	-11%	22,234	-7%	-143,414	-6%
Purchased in the wholesale market	122,610	-	637	+6%	3,128	-11%	30,100	-5%	-23,475	-7%	133,002	-7%
Grid losses	**0**	**-**	**0**	**-**	**-3,128**	**-11%**	**0**	**-**	**0**	**-**	**-3,128**	**-11%**

Electricity generation by source (GWh)

Q1 - Q3 2016	Generation - traditional energy		Generation - new energy		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	18,678	-	0	-	0	-	0	-	0	-	18,678	-11%
Coal and lignite	22,228	-	0	-	0	-	0	-	0	-	22,228	+5%
Water	1,532	-	234	+24%	0	-	0	-	0	-	1,766	+5%
Biomass	674	-	0	-	0	-	0	-	0	-	674	+22%
Photovoltaic	0	-	120	-4%	0	-	0	-	0	-	120	-4%
Wind	0	-	780	-17%	0	-	0	-	0	-	780	-17%
Natural gas	901	-	0	-	0	-	0	-	0	-	901	>200%
Bio gas	0	-	1	-35%	0	-	0	-	0	-	1	-35%
Total	**44,013**	**-**	**1,135**	**-10%**	**0**	**-**	**0**	**-**	**0**	**-**	**45,148**	**-1%**

Sales of electricity to end customers (GWh)

Q1 - Q3 2016	Generation - traditional energy		Generation - new energy		Distribution		Sale		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	0	-	0	-	0	-	-9,398	-1%	0	-	-9,398	-1%
Commercial (low voltage)	-1	-	0	-	0	-	-3,636	-11%	0	-	-3,637	-11%
Commercial and industrial (medium and high voltage)	-181	-	0	-	0	-	-14,846	-5%	1,241	-11%	-13,786	-4%
Sold to end customers	**-181**	**-**	**0**	**-**	**0**	**-**	**-27,881**	**-4%**	**1,241**	**-11%**	**-26,821**	**-4%**

Distribution of electricity to end customers	**0**	**-**	**0**	**-**	**-36,751**	**+2%**	**0**	**-**	**0**	**-**	**-36,751**	**+2%**

Electricity balance (GWh)

Q1 - Q3 2016	Czech Republic		Poland		Romania		Bulgaria		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Electricity procured	**37,618**	**-1%**	**1,910**	**-1%**	**830**	**-14%**	**5**	**-0%**	**0**	**-**	**0**	**-**	**40,362**	**-1%**
Generated in-house (gross)	42,145	-1%	2,152	-0%	846	-14%	5	-0%	0	-	0	-	45,148	-1%
In-house and other consumption, including pumping in pumped-storage plants	-4,528	-3%	-242	+2%	-16	+45%	0	-	0	-	0	-	-4,786	-2%
Sold to end customers	**-13,804**	**-6%**	**-1,417**	**+12%**	**-2,457**	**-3%**	**-6,957**	**-1%**	**-2,186**	**-12%**	**0**	**-**	**-26,821**	**-4%**
Sold in the wholesale market (net)	**-22,196**	**+4%**	**-493**	**-25%**	**2,315**	**+1%**	**7,775**	**-2%**	**2,186**	**-12%**	**0**	**-**	**-10,412**	**+12%**
Sold in the wholesale market	-145,320	-6%	-2,170	-1%	-1,390	-3%	-356	+9%	-118	-45%	5,941	-7%	-143,414	-6%
Purchased in the wholesale market	123,124	-7%	1,678	+9%	3,705	-1%	8,132	-1%	2,304	-14%	-5,941	-7%	133,002	-7%
Grid losses	**-1,617**	**-14%**	**0**	**-**	**-687**	**-5%**	**-824**	**-8%**	**0**	**-**	**0**	**-**	**-3,128**	**-11%**

Electricity generation by source (GWh)

Q1 - Q3 2016	Czech Republic		Poland		Romania		Bulgaria		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Nuclear	18,678	-11%	0	-	0	-	0	-	0	-	0	-	18,678	-11%
Coal and lignite	20,389	+5%	1,840	-0%	0	-	0	-	0	-	0	-	22,228	+5%
Water	1,688	+3%	9	+11%	70	+74%	0	-	0	-	0	-	1,766	+5%
Biomass	370	+51%	304	-2%	0	-	0	-	0	-	0	-	674	+22%
Photovoltaic	114	-4%	0	-	0	-	5	-0%	0	-	0	-	120	-4%
Wind	5	-30%	0	-	775	-17%	0	-	0	-	0	-	780	-17%
Natural gas	901	>200%	0	-	0	-	0	-	0	-	0	-	901	>200%
Bio gas	1	-35%	0	-	0	-	0	-	0	-	0	-	1	-35%
Total	**42,145**	**-1%**	**2,152**	**-0%**	**846**	**-14%**	**5**	**-0%**	**0**	**-**	**0**	**-**	**45,148**	**-1%**

Sales of electricity to end customers (GWh)

Q1 - Q3 2016	Czech Republic		Poland		Romania		Bulgaria		Others		Eliminations		CEZ Group	
	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-	GWh	+/-
Households	-5,067	-0%	0	-	-1,240	+2%	-2,994	-3%	-98	+3%	0	-	-9,398	-1%
Commercial (low voltage)	-1,627	-7%	0	-	-628	-5%	-1,299	-20%	-84	+21%	0	-	-3,637	-11%
Commercial and industrial (medium and high voltage)	-7,110	-9%	-1,417	+12%	-590	-12%	-2,664	+14%	-2,005	-13%	0	-	-13,786	-4%
Sold to end customers	**-13,804**	**-6%**	**-1,417**	**+12%**	**-2,457**	**-3%**	**-6,957**	**-1%**	**-2,186**	**-12%**	**0**	**-**	**-26,821**	**-4%**
Distribution of electricity to end customers	**-25,419**	**+3%**	**0**	**-**	**-4,701**	**-2%**	**-6,631**	**-2%**	**0**	**-**	**0**	**-**	**-36,751**	**+2%**