

Internal Information

Governing Bodies of ČEZ Approved Contract to Sell Its Bulgarian Assets to Inercom Bulgaria

The ČEZ Supervisory Board has granted consent to the sale of the Bulgarian assets to Inercom. The package contains seven companies: CEZ Bulgaria, CEZ Elektro Bulgaria, CEZ Razpredelenie, CEZ Trade Bulgaria, CEZ ICT Bulgaria, Free Energy Project Oreshetz and Bara Group. Following interest of investors in the second half of 2016, CEZ Group started the sales process, the signing of the contract is expected in a few days. Taking into account the sales price, the Group's fourteen-year-investments in its Bulgarian operations yielded an overall positive return. The international arbitration, which ČEZ initiated against the Republic of Bulgaria in July 2016, is not affected by the transaction and ČEZ continues to proceed with it.

Early in 2017, the CEZ Group received several indicative offers for its Bulgarian assets from various investors. The Group therefore launched negotiations on the potential divestment. The highest offer was presented by Inercom Bulgaria, with which the Group subsequently negotiated on an exclusive basis. The sale of the Bulgarian assets was today approved by CEZ Group's Supervisory Board. The transaction settlement is still subject to approval by the Bulgarian anti-trust authority.

Inercom's offer is significantly above the fair market value of the assets sold, as determined in an independent appraisal, and brings a positive return on the investments in the Bulgarian assets.