

Internal Information

CEZ Group earned CZK 13.6B in the first three quarters — 49% year-over-year growth

CEZ Group's net income rose by 49% to CZK 13.6 billion for the first three quarters of 2019, and its EBITDA reached CZK 44.7 billion, recording a 16% year-over-year growth. These increases can be attributed in particular to growing electricity selling prices and higher profits from commodity trading. Net income after extraordinary items reached CZK 14.7 billion.

"Our financial results this year meet our expectations of a turn in the trend of the previous years and a significant year-over-year growth in CEZ Group's earnings. Our outlook for the entire year of 2019 still maintains our ambitions to generate CZK 58 billion in EBITDA despite the negative effects of our litigation with SŽDC for CZK 1.3 billion. We have been successful in commodity trading and continue to implement internal efficiency measures," said Daniel Beneš, Chairman of the Board of Directors and CEO of ČEZ. CEZ Group expects that its net income after extraordinary items will reach CZK 17 billion to CZK 18 billion in 2019.

"CEZ Group's operating revenue reached CZK 148.1 billion, up by CZK 16.3 billion year-over-year. The amount of electricity generated from traditional sources reached 45.1 TWh, which is a year-over-year increase of 0.8 TWh or 2%. Favorable market conditions allowed the Počerady combined cycle power plant to increase its output enormously by 80%," added Martin Novák, vice chairman of the Board of Directors and Chief Financial Officer.

New energy sources generated 1.6 TWh of electricity, which is up by 16% year-over-year.

The results for the third quarter alone were negatively affected by the surprising ruling of the court of appeal in a litigation with Správa železniční dopravní cesty (the Railway Infrastructure Administration or SŽDC), based on which ČEZ Prodej must now pay CZK 1.3 billion. This long-running dispute pertains to electricity not taken by SŽDC in 2010, which resulted in a loss for ČEZ Prodej, and the payment amount was determined as the costs to be returned including accessories. ČEZ Prodej is now preparing an extraordinary appeal to the Supreme Court of the Czech Republic.

For the first three quarters of 2019, capital expenditures grew by CZK 3.3 billion to a total of CZK 18.6 billion. The greatest portion, CZK 7.2 billion, was spent on the power distribution system in the Czech Republic, which CEZ Group has been intensively upgrading to accommodate modern energy needs. Capital expenditures on traditional power sources also saw year-over-year growth — these included greater purchases of nuclear fuel and capital expenditures related to the construction of a steam pipeline from the Temelín Nuclear Power Plant to České Budějovice, improving the physical security of nuclear power plants, and making coal sources in the Czech Republic more environmentally friendly.

In terms of business development, CEZ Group has continued its acquisitions in the new energy sector. CEZ Group acquired a 76% stake in EUROKLIMAT in Poland, a Polish market leader in air conditioning and cooling systems. Inven Capital acquired a stake in ZOLAR, a very innovative company. Other significant events of the previous quarter also included the initiation of our cooperation with NuScale, a US-based company that manufactures small modular nuclear reactors.

In accordance with the General Meeting's resolution, on August 1, 2019, CEZ Group began to pay out dividends for 2018 in the total value of CZK 12.9 billion. As at the end of September, 99% of this total amount had been paid out.

Electricity consumption in the distribution territory covered by ČEZ Distribuce rose by 0.2% year-over-year; this represents a growth of 0.3% after climatic and calendar adjustments.