

| Utility | Commentary | Czech Republic |

CEZ

MinFin did not submit a counterproposal, dividend of CZK52 will be voted on at AGM

Buy

Price 18.06.24	CZK 937.0
12m target	CZK 1,034
Upside to TP	10.4%
Dividend	CZK 65
Total return	17.3%

Sector stance
Overweight

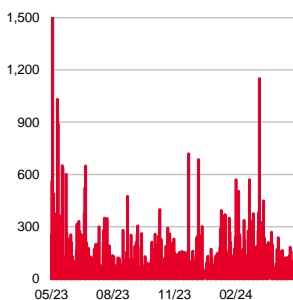
Investment type
Commodity price exposure
High dividend yield

1 year performance



Source: Bloomberg

Trading volume (in ths of shares)



Source: Bloomberg

Share data

https://bit.ly/CEZ_analysis_202309_EN

https://bit.ly/CEZ_e4Q23_EN

https://bit.ly/CEZ_1Q24_EN

https://bit.ly/CEZ_DVD24prop_EN

The Ministry of Finance, as the executor of the shareholders' rights on behalf of the State, has not submitted a counterproposal for the payment of the dividend to the Annual General Meeting. No other counterproposal meets the conditions (see www.cez.cz). Therefore, **only the proposal of the Management Board will be put to vote. The CEZ Board of Directors has proposed to pay a dividend of CZK52** on the profit for the year 2023. This represents a gross **yield of +5.5%**. The payout ratio is 80% of the adjusted net profit. This is the upper limit of the current dividend policy for a payout ratio of 60-80%.

In our forecasts, we assumed that MinFin would make a counterproposal to distribute all of last year's profit. This would mean CZK65 per share, or a gross yield of +6.9%. We expected a counterproposal for a higher dividend, so this development is a disappointment for us. It could also be disappointing for some investors. We might see a negative market reaction today.

The AGM at which the dividend must be approved by the shareholders **will be held on Monday, June 24, 2024 at 9:00 a.m.** The record date for the payment of the dividend is proposed to be June 28. This means that **the last trading day for the right to receive a dividend from last year's profit should be Wednesday, June 26.** As a result, shareholders will be able to buy CEZ shares with the right to a dividend of CZK52 (subject to approval) two days after the AGM.

Payment of the dividend should traditionally begin August 1.



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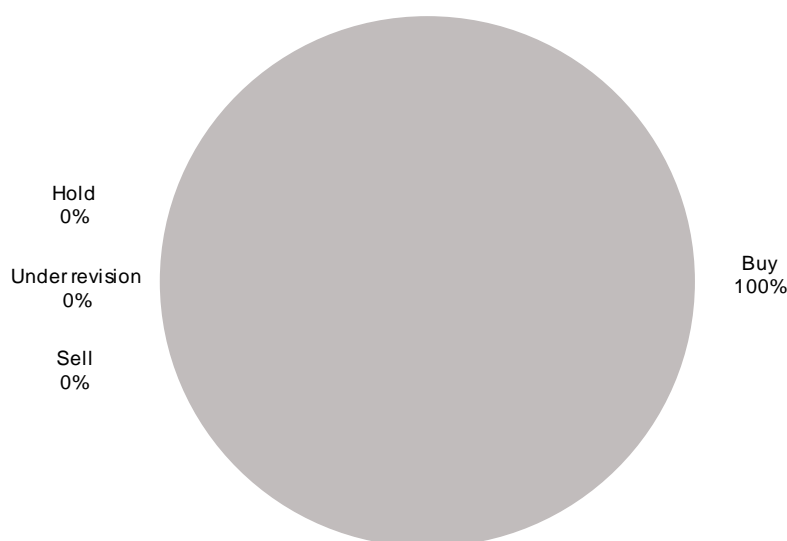
The recommendation in this document and/or the document itself was not disclosed to the issuer before its dissemination.

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The chart below shows the structure of grades of valid investment recommendations of equity research of KB Economic & Strategy Research (8 recommendations).

Investment recommendations of KB equity research



Source: Economic & Strategy Research, Komerční banka

KB Equity Research ratings on a 12 month period

BUY: absolute total shareholder return forecast of 15% or more over a 12 month period.

HOLD: absolute total shareholder return forecast between 0% and +15% over a 12 month period.

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Total shareholder return means forecast share price appreciation plus all forecast cash dividend income, including income from special dividends, paid during the 12 month period. Ratings are determined by the ranges described above at the time of the initiation of coverage or a change in rating (subject to limited management discretion). At other times, ratings may fall outside of these ranges because of market price movements and/or other short term volatility or trading patterns. Such interim deviations from specified ranges will be permitted but will become subject to review by research management.

Overview of recommendations published by KB and relationships with particular issuers

	CEZ	Colt CZ Group SE	Kofola	MONETA Money Bank	Philip Morris CR	Avast	O2 CR
Overview of last investment research and recommendations related to stocks of particular issuers							
Recommendation	Buy	Buy	Buy	Buy	Buy	End of coverage	End of coverage
Target price	CZK1,034	CZK921	CZK313	CZK102.8	CZK17,041		
Date	07.09.2023	09.02.2024	29.05.2023	19.10.2023	21.03.2024	07.09.2022	25.02.2022
Price on the day of the publication	CZK923	CZK574	CZK244	CZK84	CZK15,400	CZK205.1	CZK270
Investment horizon	12 months	12 months	12 months	12 months	12 months		
Author	B. Trampota	B. Trampota	B. Trampota	B. Trampota	B. Trampota		
Overview of investment researches and recommendations for last 12M (quarterly)							
Recommendation	Buy	Buy	Buy	Buy	Hold	Buy	Buy
Target Price	CZK1,393	CZK652	CZK381	CZK104.6	CZK18,349	GBp600	CZK362
Date	07.06.2022	16.12.2022	12.05.2022	05.09.2022	03.03.2023	11.02.2021	26.03.2021
Recommendation	In revision	Buy	In revision	Buy	Buy	Buy	Buy
Target Price	In revision	CZK645	In revision	CZK109.7	CZK18,183	GBp466	CZK293
Date	10.05.2022	17.01.2022	15.02.2022	31.08.2021	11.02.2022	30.08.2019	08.01.2020
Recommendation	Buy	In revision	Buy	In revision	Buy	In revision	Buy
Target Price	CZK905	In revision	CZK367	In revision	CZK16,512	In revision	CZK298
Date	10.12.2021	31.03.2021	12.01.2021	07.05.2021	20.11.2020	14.08.2019	12.12.2018
Recommendation	Buy	Buy	In revision	Buy	Buy	Buy	Hold
Target Price	CZK621	CZK357	In revision	CZK97	CZK18,308	GBp342	CZK270
Date	23.07.2020	27.11.2020	26.11.2020	29.10.2019	03.12.2018	15.06.2018	18.08.2017
Valuation methods	DFCF	DFCF	DFCF	DFCF DDM ERM	DDM	DFCF	DFCF DDM
Frequency of rec. (per year)	once	once	once	once	once	once	once
Direct or indirect share (5% or more) of the issuer of the registered capital of KB	no	no	no	no	no	no	no
Other significant financial interest of KB and/or its linked persons in the issuer	no	no	no	no	no	no	no
KB direct or indirect share (0.5% or more) of the registered capital of the issuer.	no	no	no	no	no	no	no
Author's direct or indirect share (0.5% or more) of the registered capital of the issuer.	no	no	no	no	no	no	no
Signific. fin. interest in the issuer of the persons partic. in elaboration of inv. research and rec.	no	no	no	no	no	no	no
Relationships of Komerční banka with particular issuers							
KB Management or co- management of public offerings in the past 12 month	no	yes	no	no	no	no	no
Agreements or contractual relations for providing investment services with the issuer	KB can have concluded agreements with the issuer for providing investment services. This information is protected by bank secret and could not be disclosed.						
Agreement with the issuer on production and dissemination of the research	no	no	no	no	no	no	no
KB market making for common stocks of the issuer	no	no	no	no	no	no	no

Note: DFCF – Discounted free cash flow model, DDM – Discounted dividend model, ERM – Excess return model

Source: Economic & Strategy Research, Komerční banka