



Current Report according to the provisions of Law no. 24/2017 and ASF Regulation no. 5/2018 on issuers of financial instruments and market operations

Report date: 28.04.2020

Name of issuing entity: NUCLEARELECTRICA S.A. National Company

Registered office: 65 Polona St., district 1, Bucharest

Telephone/Fax: 021.203.82.00 / 021.316.94.00

Sole Registration Number with the Trade Register Office: 10874881

Registration number with the Trade Register: J40/7403/1998

Subscribed and paid-up share capital: RON 3,015,138,510

Regulated market on which the issued securities are traded: Bucharest Stock Exchange

**To: Bucharest Stock Exchange
Financial Supervision Authority**

Significant event to report:

Annual Report concerning the financial year ended on 31 December 2019

Nuclearelectrica S.A. National Company ("SNN") informs shareholders and investors about the publication of the Annual Report for the financial year 2019, prepared in accordance with the provisions of art. 63 of Law no. 24/2017 and Annex no. 15 to ASF Regulation no. 5/2018

The annual report for the financial year 2019 comprises:

- (i) The main events of the company's activity during the reporting period;
- (ii) Individual annual financial statements audited at the date and for the financial year ended on December 31, 2019 prepared in accordance with *OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards ("IFRS-EU")*, together with the independent auditor's report;
- (iii) Individual annual financial statements audited at the date and for the financial year ended on December 31, 2019 prepared in accordance with *OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards ("IFRS-EU")*, together with the independent auditor's report.

Societatea Nationala NUCLEARELECTRICA S.A.

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Main results

In 2019, SNN recorded a net profit of 535,667 thousand RON. The main results are presented below and are extracted from the individual financial statements audited at the date and for the period ended on December 31, 2019, as follows:

Indicator [thousand RON]	2019 (audited)	2018 (audited)	Variation
Operating income, out of which:	2,417,433	2,178,873	10.9%
<i>Proceeds from the sale of electric power**</i>	<i>2,365,564</i>	<i>2,116,992</i>	<i>11.7%</i>
Operating expenses, minus impairment and depreciation	(1,232,455)	(1,089,368)	13.1%
EBITDA	1,184,978	1,089,505	8.8%
Impairment and depreciation	(555,553)	(552,965)	0.5%
EBIT	629,425	536,540	17.3%
Net financial result	1,850	36,083	(94.9%)
Net income tax expense	(95,608)	(162,012)	(41.0%)
Net profit	535,667	410,611	30.5%

*Electricity produced and delivered by Cernavoda NPP in the National Energy System.

**Including revenues from the sale of thermal energy, insignificant in the total revenues.

The main **factors contributing to the results of 2019** as compared to the previous year:

- Increase by 8.8% of the operational profit (EBITDA) compared to the same period of the previous year, mainly following the increase of operational revenues by 11%, influenced by the increase by 12% of the revenues from the sale of electricity.
- Increase by 12%, determined by the 2019% increase in the weighted average price (without Tg) of the electricity sold in 2018, as compared to the weighted average price from the same period of 2019, considering the sale of a total quantity of electricity in 2018 similar to the total quantity sold in 2019 (only 0.2% decrease).
- The quantity of electricity sold on the competition market of bilateral contracts decreased by 9%, and benefited from an increase of the average sale price on this market by 14% (price without Tg), while the electricity quantity sold on the spot market (PZU and PZI) decreased by 34%, considering an average sale price on this market higher by 19% (price without Tg) was registered.
- In 2019, the Company sold approximately 12.9% of energy on the regulated market (the Company did not sell energy on the regulated market in 2018), at a regulated price, following Government Emergency Ordinance no. 114/28.12.2018.
- The increase by 13% of operating expenses compared to the same period of 2018 was caused by the contribution paid by SNN to ANRE, according to the provisions of GEO no. 114/2018, the increase of the expenses with the purchased electricity and the slight increase of personnel expenses, partially compensated by the decrease of the repair and maintenance expenses.
- Decrease of the net currency exchange differences (net financial revenues) by 94.9%, negatively influencing the net result.

- The decrease of net expenses with the profit tax positively influenced the net result. This decrease was caused by a reduction in the actual profit taxation rate from 28% in 2018 to 15% in 2019.

Electricity output in 2019

The gross production of electricity of the two operational units of CNE Cernavoda was 11,280,167 MWh in 2019; from this gross production, the own technological consumption of the Units during the operation, and during the outages ensured from own production was 933 thousand MWh in 2019.

Thus, the electricity produced and delivered in the National Energy System (“NES”) was 10,346,746 MWh in 2019, compared to the same period of 2018 (10,443,078 MWh), which accounts for a decrease of 0.9%.

Output	2019			2018		
	Unit 1	Unit 2	Total	Unit 1	Unit 2	Total
Gross production (GWh)	5,788	5,492	11,280	5,387	5,990	11,377
Net production (GWh)	5,293	5,075	10,368	4,928	5,531	10,459
Capacity factor (%)	93.86	89.18	91.52	87.31	97.43	92.37

Electricity sales in 2019

Sales by types	Quantities in MWh	% out of total sales	Average price [RON/MWh, Tg included]	Revenues from sales [RON]
Sales on the regulated market	1,376,963	12.9%	189.51	260,948,252
Sales on the competitive market (bilateral contracts and PZU and PI contracts), out of which:	9,245,123	86.8%	227.70	2,105,074,010
- Sales on PCCB - LE, PCCB - NC, PCSU, PC - OTC contracts and supply contracts	8,194,487	76.9%	228.01	1,868,444,207
- PZU and PI sales	1,050,636	9.9%	225.23	236,629,803
PE positive imbalances ^{*)}	30,137	0.3%	178.96	5,393,395
Total sales in 2019	10,652,223	100%	222.62	2,371,415,657

^{*) NB: RON 198,067 of the value presented represents redistributed revenues resulted from the balancing of the system, based on the application of NARE Order no. 51/2016, NARE Order no. 76/2017 and NARE Order no. 31/2018.}

The revenues obtained from the electricity market related to electricity deliveries in 2019 are RON 2,371,415,657 (out of which RON 198,067 account for redistributed revenues resulted from balancing the system, based on the application of ANRE Order no. 76/2017 and ANRE Order no. 31/2018), 0.81% higher than the budget revenues for 2019, and 11.7% higher than the same period of the previous year.

The average weighted sale price, for the electricity quantities sold (without the regulated market and PE), resulted in 2019, is of RON 227.70/MWh (including Tg). For comparison, the weighted average price of all the transactions performed on the markets on which SNN operated in 2019 (PCCB - LE,

PCCB - NC, PCSU, PZU and PI), calculated based on the values published by OPCOM in the monthly market reports, is 239.11 lei/MWh. In 2018 the average weighted sale price, for the energy quantities sold (without PE) was 198.99 lei/MWh (including T_g).

Following Government Emergency Ordinance no. 114/28.12.2018, which amends and supplements Electricity and natural gas law no. 123/2012, ANRE issued Order no. 10/01.02.2019 for approving the Methodology for setting prices for the electricity sold by producers based on regulated contracts and the quantities of electricity from the regulated contracts concluded by producers with last-instance suppliers. According to ANRE Resolution no. 326/25.02.2019, the quantity assigned to SNN for 2019 for **regulated contracts** was 1,377 GWh. ANRE established a regulated price for SNN of RON 188.33 /MWh (without T_g).

The sold electricity quantities on the **competitive market of bilateral contracts** represented in 2019 a percentage rate of 76.9% out of the total volume of the sold energy. The average sale price on bilateral contracts in 2019 was 228.01 RON/MWh (with T_g included), recording an increase of 13.6% as compared to the average price recorded in the same period of 2018, of 200.67 RON/MWh (with T_g included); given the fact that the values of the electric power input transport fee in the T_g network were the following: RON 1.05 /MWh for the period July 1, 2017 - June 30, 2018, according to ANRE Order no. 48/22.06.2017 and RON 1.18 /MWh for the period July 1, 2018 - December 31, 2019, according to ANRE Order no. 108/20.06.2018.

On the spot market (PZU and PI), in 2019, a quantity of electricity representing 9.9% of the total sales volume was sold, compared to the percentage share of 14.9% recorded over the same period of 2018. The average sale price of energy on the spot market (PZU and PI) performed by SNN in 2019 was 225.23 lei/MWh (with T_g included), compared to 189.46 lei/MWh (with T_g included) registered in 2018.

Investment program

The total value of the investment program for 2019 is 256,548 thousand RON (without the component allocated to the payment of the debt service related to long-term loans), a program approved by Resolution no. 6/20.05.2019 of the Ordinary General Assembly of Shareholders of SNN, as part of the Revenues and Expenses Budget ("BVC") of SNN for 2019.

The comparative situation of the investment accomplishments (value and percentage) for January 1st - December 31st, 2019 compared to the same period of 2018 is presented in the table below:

Year	Value of the investment program [thousand lei]	Performed (01.01 - 31.12) [thousand lei]	Achievement level (01.01 - 31.12) (%)
2019	256,548	218,455	85.2%
2018	244,867	139,699	57.1%

As in the previous years, Nuclearelectrica S.A. structured its investment development program on objectives defined in relation to the needs of the production branches (Cernavoda NPP and Pitesti NFF), so as to achieve a high level of utilization of the production capacity (EAF Energy Availability Factor) in compliance with the nuclear safety norms and the long-term maintenance of the level of excellence in

the operation of the plant. At the same time, the goal of the development program is to cover the necessity to upgrade/refurbish certain systems, for economic reasons (specific consumption reductions, improvement of certain parameters related to served processes, with a positive impact on efficiency), and legal ones – the need to implement upgrades associated with nuclear security, environment protection and labor security, representing imperative requirements from the regulatory authorities in the field.

The investment program of SNN for 2019 annexed to BVC was value-sized by considering the ongoing contractual commitments, the estimates regarding the investment objectives to be made in the following year, including amounts allocated to investment projects for which the fulfillment of certain requirements outside the control of SNN is anticipated (e.g. prior approvals of regulation authorities, legal terms regarding the completion of public tender procedures, including appeals, obtaining the necessary approvals from SNN corporate bodies, etc.), in order to allow the implementation of these projects by fitting into the approved budget values.

Additional information can be obtained from: investor.relations@nuclearelectrica.ro

Please access the link below in order to view the Annual Report for 2019.

Cosmin Ghita
Chief Executive Officer