



Current Report in compliance with the provisions of art. 65 of the Law no. 24/2017 regarding issuers of financial instruments and market operations and the ASF Regulation No. 5/2018 regarding issuers of securities and market operations

Report date: 14.08.2020

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

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

Telephone/Fax Number: 021.203.82.00 / 021.316.94.00

Sole Registration Code 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 Supervisory Authority (ASF)**

Significant event to report:

Availability of the Half-Year Report for the period January 1 - June 30, 2020

Societatea Nationala Nuclearelectrica S.A. ("SNN") informs the shareholders and investors on the availability of the Half Year Report for the 1st Half of the financial year 2020, prepared in accordance with the provisions of art. 65 of Law no. 24/2017 and with Appendix 14 to the ASF Regulation no. 5/2018, starting with **August 14, 2020, 08:00 HRS**, as follows:

- In written format, by request, at the Bucharest Headquarters, 65 Polona Street, District 1, Communications and Investor Relations Department;
- Electronically on the company's website, in the "Investor Relations – 2020 Financial Results" section (www.nuclearelectrica.ro).

The Half-Year Report 1 for the financial year 2020 comprises:

- The main events of the company's activity during the reporting period;
- The Individual Interim Financial Statements on the date and for the six-month period ended on June 30, 2020, drafted according to the OMFP [Order of the Ministry of Public Finance] no. 2844/2016 for approving the Accounting Regulations according to the International Financial Reporting Standards, passed by the European Union, based on Accounting Standard 34 - "Interim financial reporting"
- The Consolidated Interim Financial Statements on the date and for the six-month period ended on June 30, 2020, drafted according to the OMFP no. 2844/2016 for approving the Accounting Regulations according to the International Financial Reporting Standards, passed by the European Union, based on Accounting Standard 34 - "Interim financial reporting"
- The Half-year report of the Board of Directors on the administration activity for period January 1 – June 30, 2020.

The main results

1. Financial results for the period

During the period of 6 months that ended on June 30, 2020, SNN recorded a net profit of 343,222 thousand lei, higher with 18,1% compared to the similar period of last year. The operating result

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(EBIT) registered an increase of 6,7% and EBITDA an increase of 4,4% compared to the similar period of last year.

Indicator [thousand RON]	6-month period ended on June 30, 2020 (revised)	6-month period ended on June 30, 2019 (revised)	Variation
Production (GWh)*	5,499	4,919	11.8%
Operating income, out of which:	1,182,985	1,208,559	(2.1%)
<i>Income from electricity sales**</i>	<i>1,157,519</i>	<i>1,181,738</i>	<i>(2.0%)</i>
Operating expenses, minus impairment and depreciation	(516,121)	(569,502)	(9.4%)
EBITDA	666,864	639,057	4.4%
Impairment and depreciation	(278,255)	(274,872)	1.2%
EBIT	388,609	364,185	6.7%
Net financial result	24,609	(4,063)	n/a
Net income tax expense	(69,996)	(69,461)	0.8%
Net profit	343,222	290,661	18.1%

*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 gross production of the two units in operation at Cernavoda NPP was of 5.964.074 MWh in the first semester of 2020 out of which 5.498.634 MWh were delivered to the National Power Grid.

Operating profit (EBITDA) increased by 4.4% compared to the same period of the previous year. The increase was caused by a decrease in operating expenses, less depreciation and amortization by 9.4%, partially offset by a decrease in operating income of 2.1%, influenced by a 2% decrease in electricity sales revenues.

The operating income decreased by 2.1%, determined by the 9.6% increase in the weighted average price of the electricity sold in the 1st half-year of 2020, as compared to the weighted average price from the same period of 2019, considering the sale of a total quantity of electricity that was higher by 8.6%.

According to ANRE Resolution no. 2213/23.12.2019, the quantity assigned to SNN for the first half-year of 2020 for regulated contracts was 1,087 GWh, out of which 701.4 GWh for Q1 of 2020 and 385.6 GWh for Q2 of 2020. For the first half-year of 2020, ANRE set for SNN a regulated price of 188.47 RON/MWh (without Tg, and for the first half-year of 2019 a regulated price of 188.33 RON/MWh (without Tg). During the first half-year of 2020, the Company sold 19.6% of its energy on the regulated market (first half-year of 2019: 0.1%), at a regulated price.

Compared to the same period of the previous year, the quantity of electricity sold on the competition market of bilateral contracts decreased by 47%, and benefitted from an increase in the average sale price on this market by 15% (price without Tg). The quantity sold by SNN on the spot market (DAM) during the first half-year 2020 increased with 208%, under the conditions of registering a lower selling price on this market with 29% (price without Tg).

Operating expenses, minus impairment and amortization, decreased by 9.4% in the first half-year of 2020, compared to the same period of 2019. This evolution is determined by the decrease of expenses with the purchased electricity, personnel expenses, other operating expenses, expenses with repairs and maintenance and expenses with spare parts, partially compensated by the increase of expenses with nuclear fuel and expenses with electricity transportation.

Net currency exchange differences positively influenced the net result, so in period January 1 - June 30, 2020, net financial revenues were recorded, while in the same period of the previous year net financial expenses were recorded. The main currencies to which there are exposures are EUR and CAD.

Net profit tax expenses increased by 0.8% as a result of the increase in taxable profit calculated for the first half-year of 2020 compared to the ones calculated for the same period of the previous year.

2. Electricity sales (quantities, prices and values) during the 1st half-year of 2020

Sales by types	Quantities in MWh	% of total sales	Average price [Ron/MWh with Tg included]	Revenues from sales [Ron]
Sales on the regulated market	1,086,736	19.6%	189.77	206,229,931
Sales on the free market (bilateral contracts and PZU sales), out of which:	4,444,507	80.1%	214.36	952,723,656
- Sales on PCCB - LE, PCCB - NC, PC - OTC contracts and supply contracts	2,314,623	41.7%	269.27	623,247,147
- PZU sales	2,129,884	38.4%	154.69	329,476,509
PE positive imbalances ^{*)}	18,228	0.3%	106.75	1,945,784
Total sales in the first half-year of 2020	5,549,471	100%	209.19	1,160,899,371

^{*) NB: RON 56,602 of the presented value represents revenues redistributed in January - May 2020 resulted from the balancing of the system, based on the application of ANRE Order no. 76/2017 and ANRE Order no. 31/2018. The value of positive imbalances for June 2020 is estimated.}

The electricity quantity sold on the regulated market, based on contracts, on the spot market (PZU) and on PE is 5,549,471 MWh, 1.2% more than the sales program, of 5,486,195 MWh (sized on the production estimate, without estimating unplanned outages) and 8.6% more than the electricity quantity sold in the same period of 2019.

The difference between the electricity sold by the Company and the electricity produced and delivered by CNE Cernavoda (50,8 thousand MWh) is represented by the electricity purchased for the full coverage of the contractual obligations, an electricity quantity that was purchased 62% from the spot market, 21% from PE, and the rest from Centralized Markets.

The revenues obtained from the electricity market related to electricity deliveries in the first half-year of 2020 are 1,160,899,371 lei (out of which 56,602 lei represents redistributed revenues resulted from balancing the system), 0.7% higher than the budget revenues for the first half-year of 2020, and 1.9% 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 the first half-year of 2020, is of RON 214.36/MWh (including T_g). For comparison, the weighted average price of all the transactions performed on the markets on which SNN operated in the first half-year of 2020 (PCCB - LE, PCCB - NC, PC - OTC and PZU), calculated based on the values published by OPCOM in the monthly market reports, is 226.49 lei/MWh. In the first half-year of 2019, the average weighted sale price, for the energy quantities sold (without the regulated market and PE) was 231.62 lei/MWh (including T_g).

Sales on the regulated market

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. 216/11.12.2019 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. 2213/23.12.2019, the quantity assigned to SNN for Q1 2020 for regulated contracts was 1,087 GWh, out of which 701.4 GWh for Q1 2020 and 385.6 GWh for Q2 2020. For the first half-year of 2020, ANRE established a regulated price for SNN of RON 188.47 /MWh (without T_g).

Sales on the competitive market (bilateral contract and DAM)

The electricity quantities sold on the competitive market of bilateral contracts represented in the first half-year of 2020 a percentage rate of 41.7% out of the total volume of the sold electricity. The average sale price on bilateral contracts in this period was 269.27 RON/MWh (with T_g included), recording an increase of 15,2% as compared to the average price recorded in the same period of 2019, of 233.66 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 1.18 /MWh for the period July 1, 2018 - December 31, 2019, according to ANRE Order no. 108/20.06.2018 and RON 1.30 /MWh for the period January 1, 2020 - June 30, 2020, according to ANRE Order no. 218/11.12.2019.

On the spot market (PZU), during the first half-year of 2020, a quantity of electricity representing 38.4% of the total sale volumes was sold, compared to the percentage share of 13.5% recorded in the same period of 2019. The average energy selling price on the spot market (PZU) achieved by SNN in the first half-year of 2020 was 154.69 lei/MWh (with T_g included), compared to 218.64 lei/MWh (with T_g included) recorded during the same period of 2019.

3. The degree of completion of the investment program at the end of the first half-year 2020

The total value of the investment program of SNN for 2020 is 309,544 thousand RON (without the component allocated to the payment of the debt service related to long-term loans), a program approved by Resolution no. 3/05.03.2020 of the Ordinary General Assembly of Shareholders of SNN, as part of the Revenues and Expenses Budget ("BVC") of SNN for 2020.

The comparative situation of the investment accomplishments (value and percentage) for 2020 compared to the same period of 2019 is presented in the table below:

Year	Value of the investment program [thousand RON]	Achieved (01.01 - 30.06) [thousand RON]	Achievement level (01.01 - 30.06) (%)
2020	309,544	58,946	19.0%
2019	256,548	136,948	53.4%

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.

Also, the level of completion of the investment program at 30 June 2020 was negatively impacted by the effects of the international crisis generated by the COVID-19 pandemic, which lead to the reschedule of certain investments.

Additional information may be obtained from the Communication and Investor Relations Department at email: investor.relations@nuclearelectrica.ro.

Cosmin Ghita

Chief Executive Officer