

NUCLEARELECTRICA  
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**SNN Investors Day  
Preliminary Unaudited Individual Financial  
Statements as at and for the year ended  
December 30, 2020**

**Bucharest: February 25, 2021**

# Executive Summary

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- Preliminary financial position

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## Financial Highlights

### - 2020 Preliminary income statement -

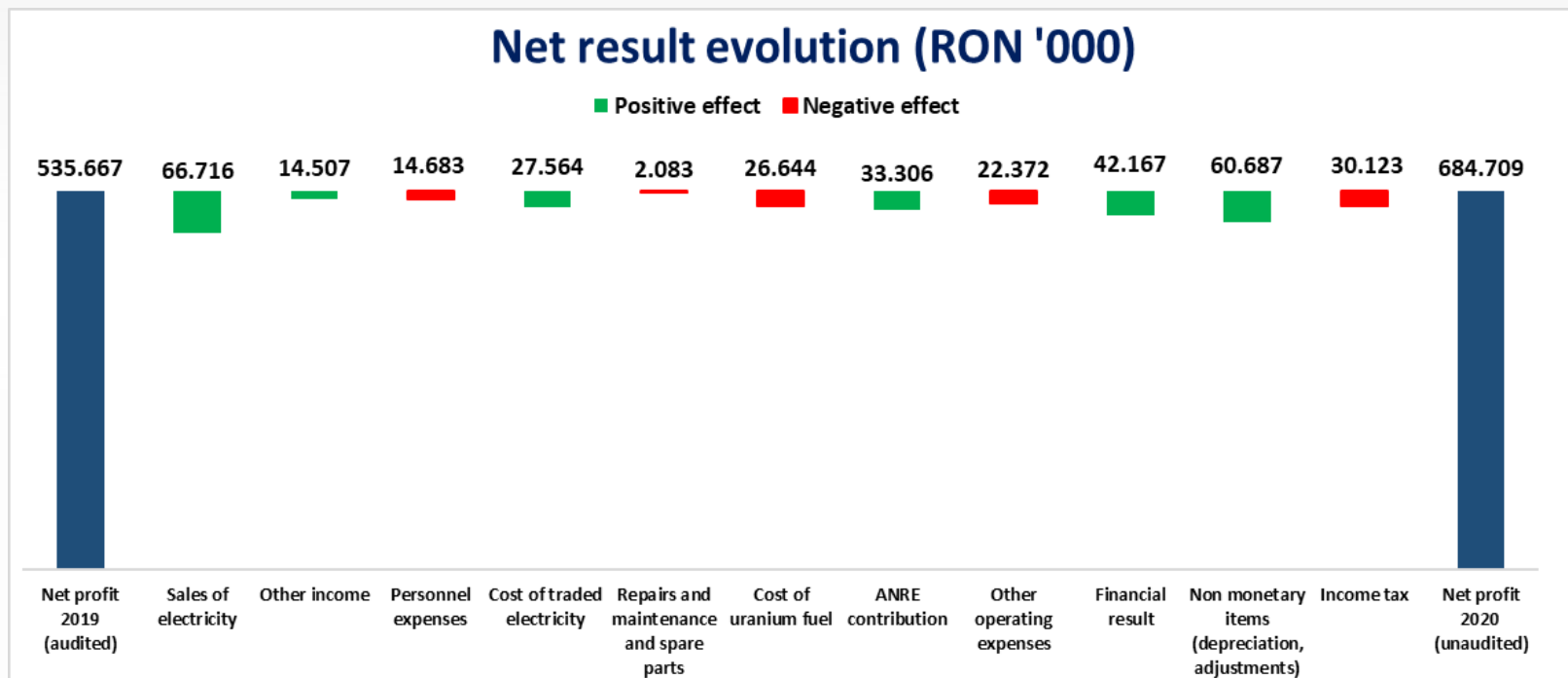
RON '000	12M ended 31.12.2020 (unaudited)	12M ended 31.12.2019 (audited)	Variation (%)	12M ended 31.12.2018 (audited)	Variation (%)	Budget 2020*	Variation (%)
	1	2	3 = (1 - 2)/2	4	5 = (2 - 4)/4	6	7 = (1 - 6)/6
<b>Revenues</b>							
Sales of electricity**	2,432,279	2,365,564	2.8%	2,116,992	11.7%	2,545,300	(4.4%)
Electricity transmission revenues	13,725	12,209	12.4%	11,676	4.6%	13,498	1.7%
<b>Total revenues</b>	<b>2,446,004</b>	<b>2,377,772</b>	<b>2.9%</b>	<b>2,128,668</b>	<b>11.7%</b>	<b>2,558,798</b>	<b>(4.4%)</b>
Other income	54,168	39,661	36.6%	50,205	(21.0%)	14,912	263.3%
<b>Operating expenses</b>							
Personnel expenses	440,281	425,597	3.5%	388,847	9.5%	471,865	(6.7%)
Cost of traded electricity	56,596	84,160	(32.8%)	56,930	47.8%	122,950	(54.0%)
Repairs and maintenance	66,178	63,140	4.8%	81,426	(22.5%)	78,365	(15.6%)
Electricity transmission expenses	13,725	12,209	12.4%	11,676	4.6%	13,498	1.7%
Costs with spare parts	15,358	16,312	(5.8%)	15,769	3.4%	22,177	(30.7%)
Cost of uranium fuel	132,766	106,123	25.1%	101,992	4.1%	131,311	1.1%
Other operating expenses	464,093	524,914	(11.6%)	432,729	21.3%	510,869	(9.2%)
<b>Total operating expenses</b>	<b>1,188,996</b>	<b>1,232,455</b>	<b>(3.5%)</b>	<b>1,089,368</b>	<b>13.1%</b>	<b>1,351,034</b>	<b>(12.0%)</b>
<b>EBITDA</b>	<b>1,311,176</b>	<b>1,184,978</b>	<b>10.6%</b>	<b>1,089,505</b>	<b>8.8%</b>	<b>1,222,676</b>	<b>7.2%</b>
Depreciation and amortisation	544,752	555,553	(1.9%)	552,965	0.5%	576,260	(5.5%)
<b>EBIT</b>	<b>766,424</b>	<b>629,426</b>	<b>21.8%</b>	<b>536,540</b>	<b>17.3%</b>	<b>646,416</b>	<b>18.6%</b>
Finance costs	40,514	65,487	(38.1%)	58,856	11.3%	54,079	(25.1%)
Finance income	84,530	67,337	25.5%	94,939	(29.1%)	59,000	43.3%
Income tax charge, net	125,732	95,608	31.5%	162,012	(41.0%)	99,879	25.9%
<b>Net profit</b>	<b>684,709</b>	<b>535,667</b>	<b>27.8%</b>	<b>410,611</b>	<b>30.5%</b>	<b>551,458</b>	<b>24.2%</b>

\* Revenue and Expenditure Budget for 2020 was approved through GSM no. 3/05.03.2020.

\*\* Including thermal energy.

## Financial Highlights

### - Net result evolution (increased by 27.8%) -



Net result benefited mainly from a significant increase of revenues from sales of electricity (including sales of thermal energy), financial result and other income. Other positive influences are determined by decrease of non monetary items, ANRE contribution and cost of traded electricity.

The negative impact is caused mainly by increase of income tax, cost of uranium fuel, other operating expenses, personnel expenses and cost of repairs and spare parts.

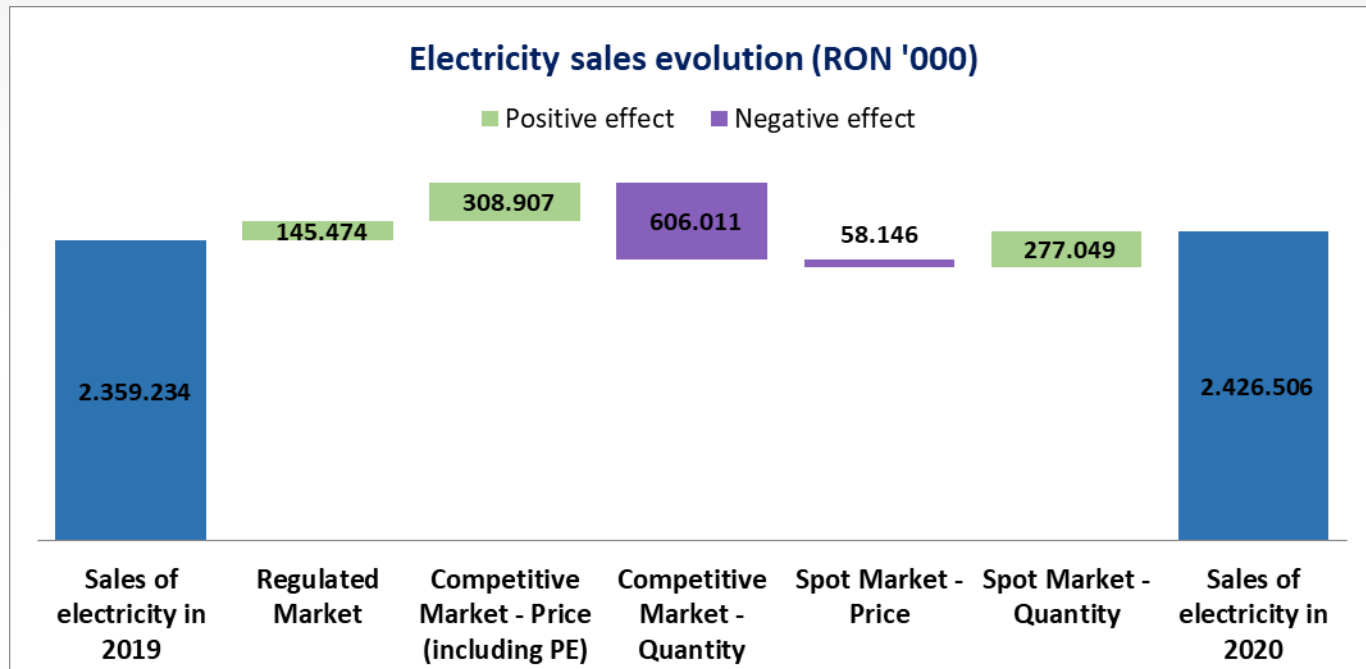


## Financial Highlights

### - 2020 Preliminary financial position -

RON '000	31.12.2020	31.12.2019	01.01.2019	Variation	Variation
	(unaudited)	(audited, restated)	(audited, restated)	(%)	(%)
	A	B	C	D = (A - B)/B	E = (B - C)/C
<b>Total non-current assets</b>	<b>5,995,542</b>	<b>6,301,960</b>	<b>6,671,436</b>	<b>(4.86%)</b>	<b>(5.54%)</b>
Inventories	435,435	402,936	368,742	8.07%	9.27%
Assets classified as held for sale	2,232	2,232	-	-	100.00%
Trade receivables	157,944	169,994	157,665	(7.09%)	7.82%
Other financial assets at amortised cost	85,368	81,707	36,231	4.48%	125.52%
Cash and cash equivalents (incl. deposits)	2,167,950	1,852,025	1,632,131	17.06%	13.47%
<b>Total current assets</b>	<b>2,848,928</b>	<b>2,508,894</b>	<b>2,194,769</b>	<b>13.55%</b>	<b>14.31%</b>
<b>Total assets</b>	<b>8,844,469</b>	<b>8,810,854</b>	<b>8,866,205</b>	<b>0.38%</b>	<b>(0.62%)</b>
Share capital and premium	3,243,416	3,242,115	3,242,115	0.04%	-
Prepaid share reserve	21,554	21,554	21,554	-	-
Revaluation reserve	198,800	227,996	257,408	(12.81%)	(11.43%)
Retained earnings	4,047,171	3,843,269	3,658,054	5.31%	5.06%
<b>Total shareholder's equity</b>	<b>7,510,941</b>	<b>7,334,934</b>	<b>7,179,131</b>	<b>2.40%</b>	<b>2.17%</b>
Long term borrowings	290,479	499,909	683,967	(41.89%)	(26.91%)
Long term lease liabilities	515	-	-	100.00%	-
Provisions for risks and expenses	235,410	213,471	182,883	10.28%	16.73%
Other non-current liabilities	195,697	222,777	256,019	(12.16%)	(12.98%)
<b>Total non-current liabilities</b>	<b>722,101</b>	<b>936,157</b>	<b>1,122,870</b>	<b>(22.87%)</b>	<b>(16.63%)</b>
Accounts payable and other liabilities	342,043	261,429	326,979	30.84%	(20.05%)
Current portion of provisions for risks and expenses	57,273	65,443	33,831	(12.48%)	93.44%
Short term lease liabilities	118	-	-	100.00%	-
Current portion of long term borrowings	211,995	212,891	203,394	(0.42%)	4.67%
<b>Total current liabilities</b>	<b>611,428</b>	<b>539,763</b>	<b>564,204</b>	<b>13.28%</b>	<b>(4.33%)</b>
<b>Total liabilities</b>	<b>1,333,529</b>	<b>1,475,920</b>	<b>1,687,074</b>	<b>(9.65%)</b>	<b>(12.52%)</b>
<b>Total equity and liabilities</b>	<b>8,844,469</b>	<b>8,810,854</b>	<b>8,866,205</b>	<b>0.38%</b>	<b>(0.62%)</b>

## Sales of electricity in 2020 increased by 2.9% compared to 2019



Electricity sales evolution from 2019 to 2020 was determined by:

- increase in total quantity of electricity sold by 1.4%, at an weighted average (w/out Tg) selling price by 1.4% higher
- changes in sales structure (quantities sold), corroborated with price evolution, as follows:
  - 20.2% sales (2,181,607 MWh) on **Regulated Market** in 2020 compared to 12.9% (1,376,963 MWh) in 2019, with only 1% decrease of price;
  - sales on **Competitive Market** of 54.7% in 2020 compared to 76.9% in 2019 (decrease of 28% from 2019 to 2020), with 17% increase of price;
  - sales on **Spot Market** of 24.8% in 2020 compared to 9.9% in 2019 (increase of 155% from 2019 to 2020), with 25% decrease of price;
  - **Balancing Market (PE)**: sales increase of 12% corroborated with 15% decrease of price.

## Sales structure analysis 2020 vs. 2019

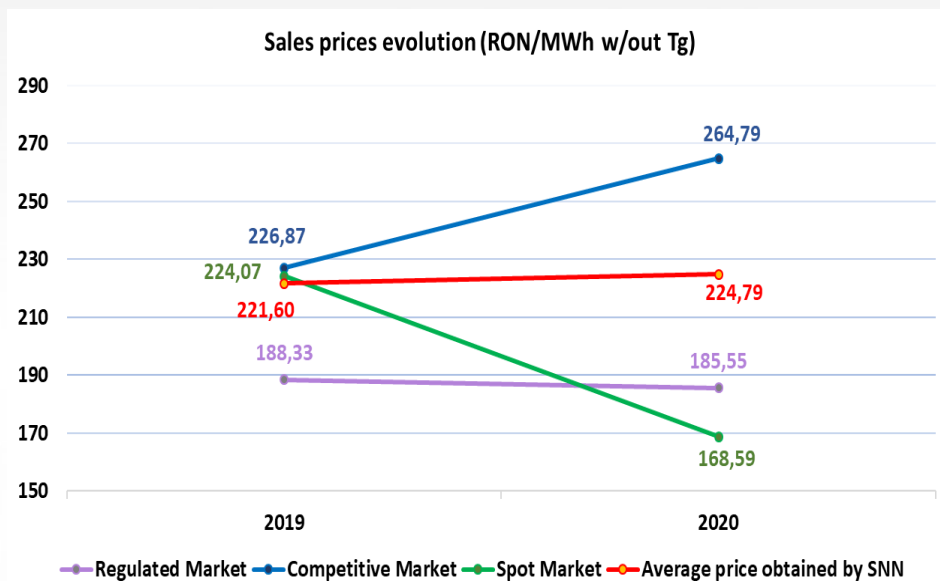
The sale structure of 2020 is completely changed compared to 2019. Differences are determined by both, the percentage of energy sold on the Regulated Market and the significant changes between Competitive Market and Spot Market percentage.

According to ANRE Decisions no. 2213/2019 and no. 1077/2020, the quantity assigned to SNN for the first and second semester of 2020, on **Regulated Market**, was 1,087 GWh, respectively 1,095 GWh. ANRE established for SNN a regulated price of 188.47 RON/MWh (w/out Tg) for the first semester of 2020, 182.63 RON/MWh (w/out Tg) for the second semester of 2020 and for 2019 (period between March and December) a regulated price of 188.33 RON/MWh (w/out Tg).

The quantities of electricity sold on **Competitive Market** represented in 2020 a percentage share of 54.9% of the total volume of electricity sold (w/out PE). The average selling price during this period was 264.79 RON/MWh (w/out Tg), recording a 16.7% increase compared to the average price recorded in 2019, of 226.87 RON/MWh (w/out Tg).

On the **Spot Market**, in 2020 the quantities of electricity sold represented 24.9% of the total sales volume (w/out PE), compared to 9.9% in 2019. The average price on Spot Market, made by SNN in 2020 was 168.59 RON/MWh (w/out Tg), compared to 224.07 RON/MWh (w/out Tg) in 2019.

According to the provisions of art. 5 paragraph (4) of the Methodology annexed to the Order issued by ANRE no. 216 / 11.12.2019, SNN had the obligation to sell on the basis of regulated contracts a quantity up to a maximum level of 65% of the quantity of electricity estimated to be delivered. In order to comply with these provisions, SNN contracted a smaller amount of electricity on the Competitive Market. Subsequently, according to ANRE Resolutions, the quantity assigned to SNN for the first semester of 2020 was 1,087 GWh and for the second semester of 2020 was 1,095 GWh. In the view of the above, the quantity of electricity sold by SNN on the Spot Market increased in 2020 by 155%, compared to 2019.



In 2020, SNN has exceeded the total budgeted quantity.

Quantities	2020 Actual	2020 Budgeted	Variation actual vs. Budgeted [%]	2019 Actual	Variation comparative periods [%]
Regulated Market	2,181,607	2,181,989	(0.02%)	1,376,963	58.44%
Competitive Market	5,908,307	6,723,804	(12.13%)	8,194,487	(27.90%)
Spot Market	2,681,474	1,734,244	54.62%	1,050,636	155.22%
<b>Total</b>	<b>10,771,388</b>	<b>10,640,037</b>	<b>1.23%</b>	<b>10,622,086</b>	<b>1.41%</b>

## OPEX

Cost structure (RON '000)	2020 [1]	%	2019 [2]	% 3=[1-2]/2	2018 [4]	% 5=[2-4]/4	Budget 2020 [6]	% 7=[1-6]/6
Depreciation and amortisation	544,752	31.4%	555,553	(1.9%)	552,965	0.5%	576,260	(5.5%)
Personnel expenses	440,281	25.4%	425,597	3.5%	388,847	9.5%	471,865	(6.7%)
Other operating expenses	209,411	12.1%	248,835	(15.8%)	199,778	24.6%	268,891	(22.1%)
Cost of uranium fuel	132,766	7.7%	106,123	25.1%	101,992	4.1%	131,311	1.1%
ANDR contribution	102,246	5.9%	98,250	4.1%	97,238	1.0%	101,912	0.3%
Tehnological and non-tehnological water and energy	80,010	4.6%	79,490	0.7%	78,040	1.9%	81,045	(1.3%)
Repairs and maintenance	66,178	3.8%	63,140	4.8%	81,426	(22.5%)	78,365	(15.6%)
Tax on buildings	63,231	3.6%	55,838	13.2%	55,772	0.1%	56,461	12.0%
Cost of traded electricity	56,596	3.3%	84,160	(32.8%)	56,930	47.8%	122,950	(54.0%)
Cost with spare parts	15,358	0.9%	16,312	(5.8%)	15,769	3.4%	22,177	(30.7%)
Electricity transmission expenses	13,725	0.8%	12,209	12.4%	11,677	4.6%	13,498	1.7%
ANRE contribution	9,195	0.5%	42,501	(78.4%)	1,900	2,136.9%	2,561	259.1%
<b>Total</b>	<b>1,733,748</b>	<b>100%</b>	<b>1,788,007</b>	<b>(3.0%)</b>	<b>1,642,333</b>	<b>8.9%</b>	<b>1,927,294</b>	<b>(10.0%)</b>

❑ **2020 OPEX lower with 3% compared to 2019 on the basis of:**

- **Depreciation and amortisation:** without significant changes between the two periods.
- **Personnel expenses:** increased by 3.5% due to certain benefits granted to isolated employees, as a result of the pandemic.
- **Other operating expenses:** recorded an overall decrease of 15.8%, mainly due to decrease in provisions, other services performed by third parties, transport and telecom.
- **Cost of uranium fuel:** increased by 25.1% due to increase in average acquisition cost of sintered uranium dioxide powder used in the production of fuel bundles in 2020, which was consumed at an average price of 521.13 RON/kg, coming from the existing stock as at January 1, 2020 and acquisitions during the period (from CNU – Feldioara Branch and Cameco Marketing Inc. Canada), compared to the average cost of 417.13 RON/kg consumed in 2019.
- **ANDR contribution** for decommissioning (0.6 EUR/MWh) and for permanent storage of radioactive waste (1.4 EUR/MWh), recorded a slight increase.
- **Cost with spare parts, repairs and maintenance:** recorded an overall increase, correlated with the repairs and maintenance program and with the needs in 2020.
- **Tax on buildings:** increased by 13.2% due to increase of percentage of tax paid by CNE Cernavoda Branch, from 0.75% to 0.85%, according to Decision of the local Council no. 247/17.12.2020.

- **Cost of traded electricity:** decreased by 32.8% compared to 2019, subject of purchases of electricity and imbalances, thus:
  - **Small purchases of electricity** in 2020, compared to 2019 (decrease of 23,4 mil. RON), to cover contractual obligations during planned and unplanned outage of U1 and U2. The total amount of electricity purchased in 2020 was 209.131 MWh (2019: 264.158 MWh), at an average price of 198.73 RON/MWh (2019: 245.65 RON/MWh);
  - **Decrease in expenses with imbalances of 4,2 mil. RON:** these expenses represent the equivalent of energy received from balancing market mainly due to differences in notified quantities vs. delivered. A smaller quantity was needed in 2020.
- **Electricity transmission expenses:** increased by 12.4% due to the increase in the level of electricity transmission tariff into the grid (from 1.18 RON/MWh to 1.30 RON/MWh starting with January 1, 2020).
- **ANRE contribution:** recorded a significant decrease due to reduction of percentage of tax paid by SNN, from 2% to 0.1% of turnover, according to the provisions of ANRE Order no. 1/2020.



## CAPEX

### Capital expenditure of SNN in 2020:

- 223.9 mil. RON in 2020 (in 2019: 218.5 mil. RON) out of total investment program of 309.5 mil. RON.
- Target level of 60% for 2020 has been exceeded.

CAPEX Program [thousand RON]	BVC 2020*)	Degree of completion 31.12.2020		BVC 2019	Degree of completion 31.12.2019	
Ongoing investments	105,788	77,718	73.5%	94,880	84,721	89.3%
Investments made on tangible assets	132,278	109,967	83.1%	90,669	80,853	89.2%
Equipments	71,478	36,263	50.7%	70,999	52,881	74.5%
<b>Total value of investment program</b>	<b>309,544</b>	<b>223,947</b>	<b>72.3%</b>	<b>256,548</b>	<b>218,455</b>	<b>85.2%</b>
*) <i>Approved through GSM no. 3/05.03.2020.</i>						

\* Revenue and Expenditure Budget for 2020 was approved through GSM no. 3/05.03.2020.

## CAPEX

### - Aspects related to main investments and long term strategic projects -

#### **Unit 1 Refurbishment (\*):**

- By General Shareholders' Meeting Decision no. 9/28.09.2017, Phase I of "Refurbishment of Unit 1 NPP Cernavoda Project Strategy" was approved to start.
- In the last quarter of 2017, the Technical and Refurbishment Division was set up within SNN headquarters, responsible for the development of the project.
- As per the first stage of the project, logistical and reorganization activities as well as studies and analyses are in progress. The feasibility study is also part of the first stage and it is due to be completed by the end of this stage, namely 2021, and submitted for the approval of the GMS.

#### **Increase of the Production Capacity Project (\*):**

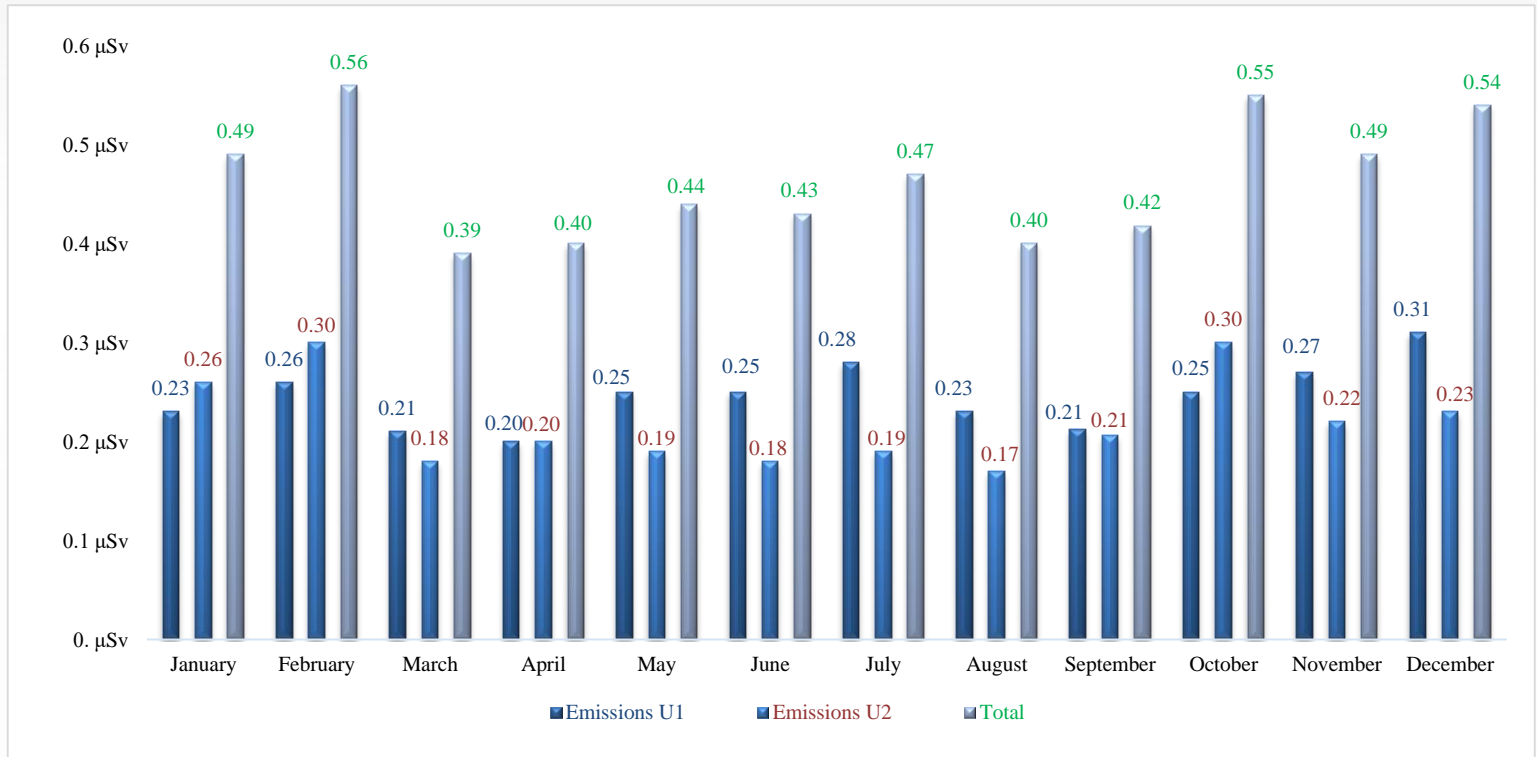
- By Decision no. 8/12.06.2020 of the EGMS were approved the following:
  1. Repeal the "Strategy for the continuation of Cernavoda NPP Units 3 and 4 Project by organizing an investor selection procedure" (2014) as well as the "Revised strategy for the continuation of Cernavoda NPP Units 3 and 4 Project by organizing an investor selection procedure" (2018).
  2. Mandate BoD of SNN to initiate procedures/steps/actions regarding the termination of negotiations with CGN, as well as the termination of the legal effects (by agreement of the parties, denunciation, etc.) of the following documents: "Memorandum of Understanding regarding the development, construction, operation and decommissioning of Cernavoda NPP Units 3 and 4 Project (MoU)" and respectively "Investor Agreement in preliminary form".
  3. Mandate BoD of SNN to initiate the steps for analysis and crystallization of the strategical options regarding the construction of new capacities for the production of electricity from nuclear sources.
- By Decision of the Prime Minister of Romania no. 281/14.07.2020, was established the Strategic Coordination Committee for the Implementation of Cernavoda NPP Units 3 and 4 Project.
- By Decision of the Prime Minister of Romania no. 20/2021, was changed the component of the Strategic Coordination Committee for the Implementation of Cernavoda NPP Units 3 and 4 Project.

(\* ) On October 9, 2020, was initialed in Washington DC, the Agreement between the Romanian Government and the USA Government on cooperation in connection with the nuclear power projects in Cernavoda and Romanian civil nuclear energy sector. By reference to the investment projects carried out by SNN, the initialing phase of this Agreement mainly aims: "Increase of the Production Capacity" and "Unit 1 Refurbishment".

#### **Acquisition of the Uranium Octoxide Processing Line from National Uranium Company – Feldioara Branch Project:**

- On March 30, 2020, SNN EGMS: approved the initiation of the procedures for purchasing the assets; mandated the managers of SNN to implement the procedures required for purchasing the assets (including discussions and negotiations, in order to prepare the necessary documentation and the purchasing offer) and approved the initiation of the procedures required for transferring the concession license of the exploitation activity in the perimeter of Tulghes – Grinties, Neamt County, concluded between National Agency of Mineral Resources and National Uranium Company.

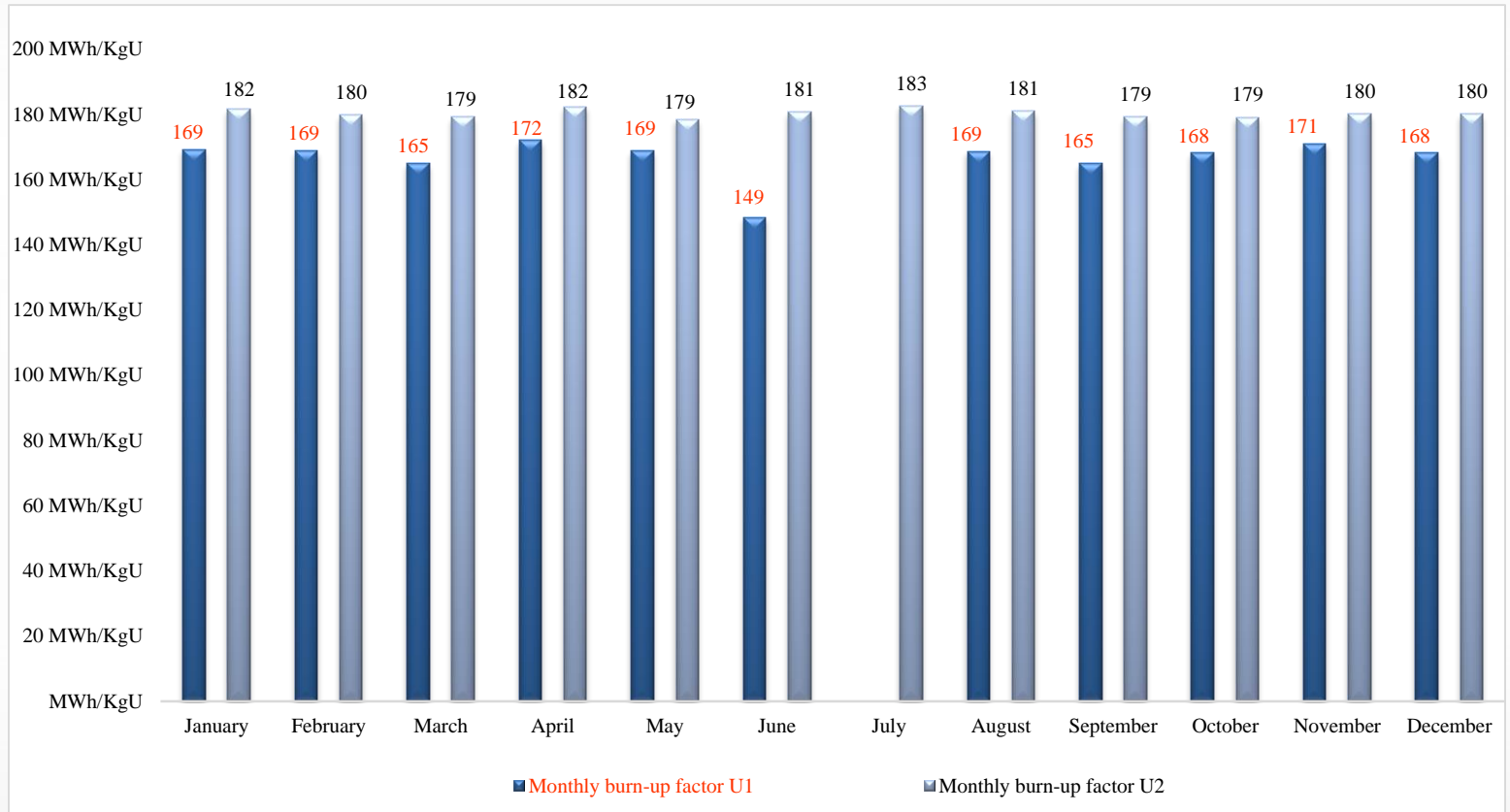
## Radioactive emissions U1+U2 ( $\mu\text{Sv}$ )



Total 2020:	Annual limit:
5.58	250

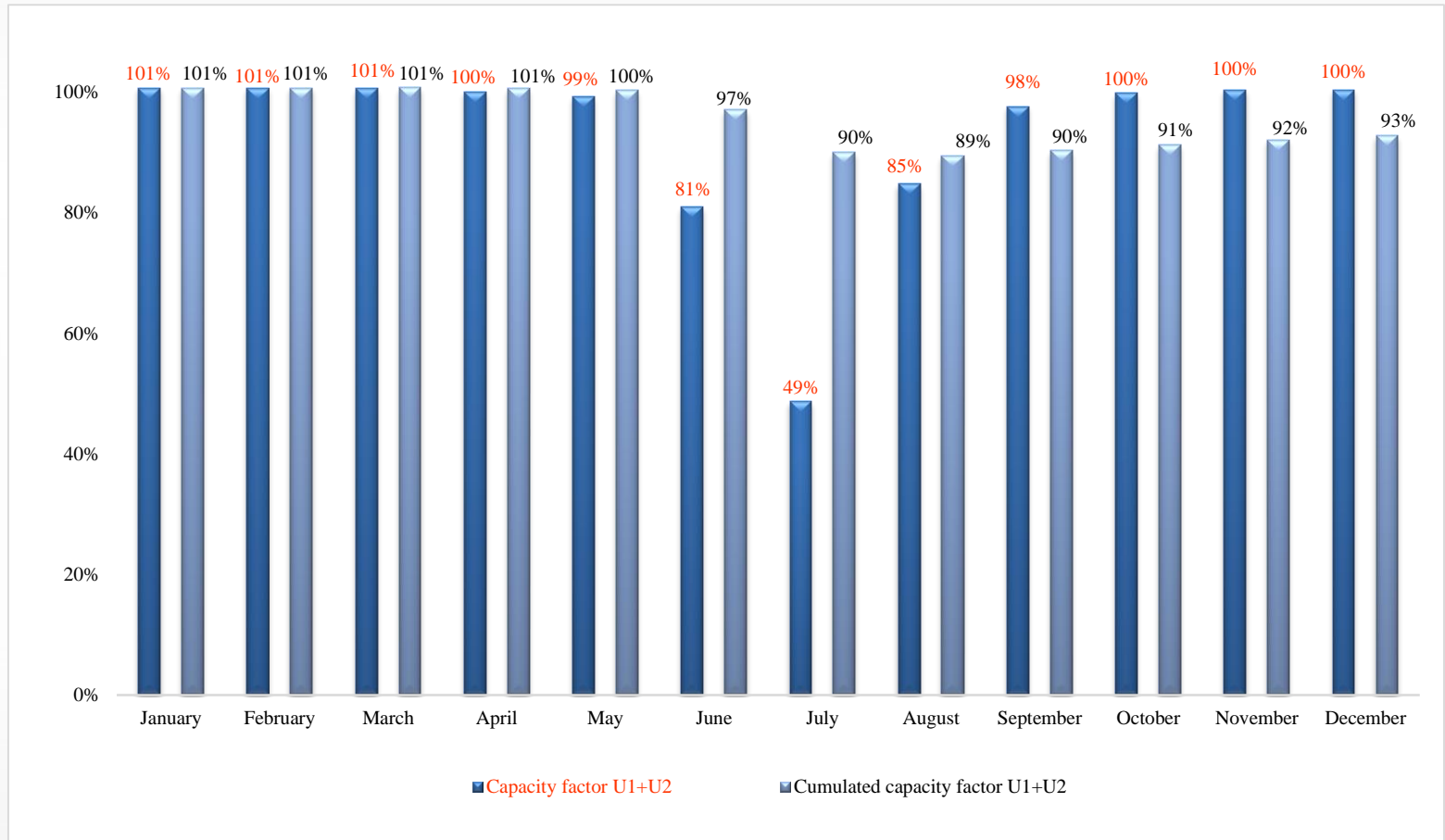
**CNCAN authorized limit = 100  $\mu\text{Sv}/\text{year}/\text{unit}$  + 50  $\mu\text{Sv}/\text{year}$  DICA**  
**Legal limit for population (as per Radioprotection Norm NSR01) = 1,000  $\mu\text{Sv}/\text{year}$**

## Nuclear fuel burn up factor (MWh/KgU) (Cumulated 2020: 173/Project estimated: min. 156)





## CANDU Technology Unit performance U1 + U2 (%) Capacity Factor (Cumulated 2020: 92.8%)



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## SNN Investor Relation

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### 2021 Financial calendar

Event	Date
General Meeting of the Shareholders for the approval of the Annual Audited Financial Statements for the financial year 2020.	26 April 2021 (Monday)
Publication of the Annual Audited Financial Statements for the financial year 2020 Conference call Financial analysts, investment advisors, brokers and investors.	27 April 2021 (Tuesday) Hour of the conference call: 16:00 Romania's time
Publication of the First Quarterly Report 2021 (January - March) Conference call Financial analysts, investment advisors, brokers and investors.	14 May 2021 (Friday) Hour of the conference call: 16:00 Romania's time
Publication of the First Half - Year Report 2021 (January - June) Conference call Financial analysts, investment advisors, brokers and investors.	13 August 2021 (Friday) Hour of the conference call: 16:00 Romania's time
Publication of the Third Quarterly Report 2021 (January - September) Conference call Financial analysts, investment advisors, brokers and investors.	12 November 2021 (Friday) Hour of the conference call: 16:00 Romania's time



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**Thank you!**