

NUCLEARELECTRICA

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**SNN Investors Teleconference  
Individual Interim Financial Statements  
as at and for the period of nine months ended  
on September 30, 2021  
- 9M 2021 -**

**Bucharest: November 12, 2021**

# Executive Summary

## Financial Highlights

- Income statement
- Net result evolution
- Financial position

## Sales of electricity

- Sales of electricity evolution
- Sales structure analysis

## OPEX

## CAPEX

- Main investments

## Technical performances

- Radioactive emissions
- Nuclear fuel burn up factor
- Capacity factor

## SNN details

- Executive Management
- Investor Relation



## Financial Highlights

### - 9M 2021 Income statement -

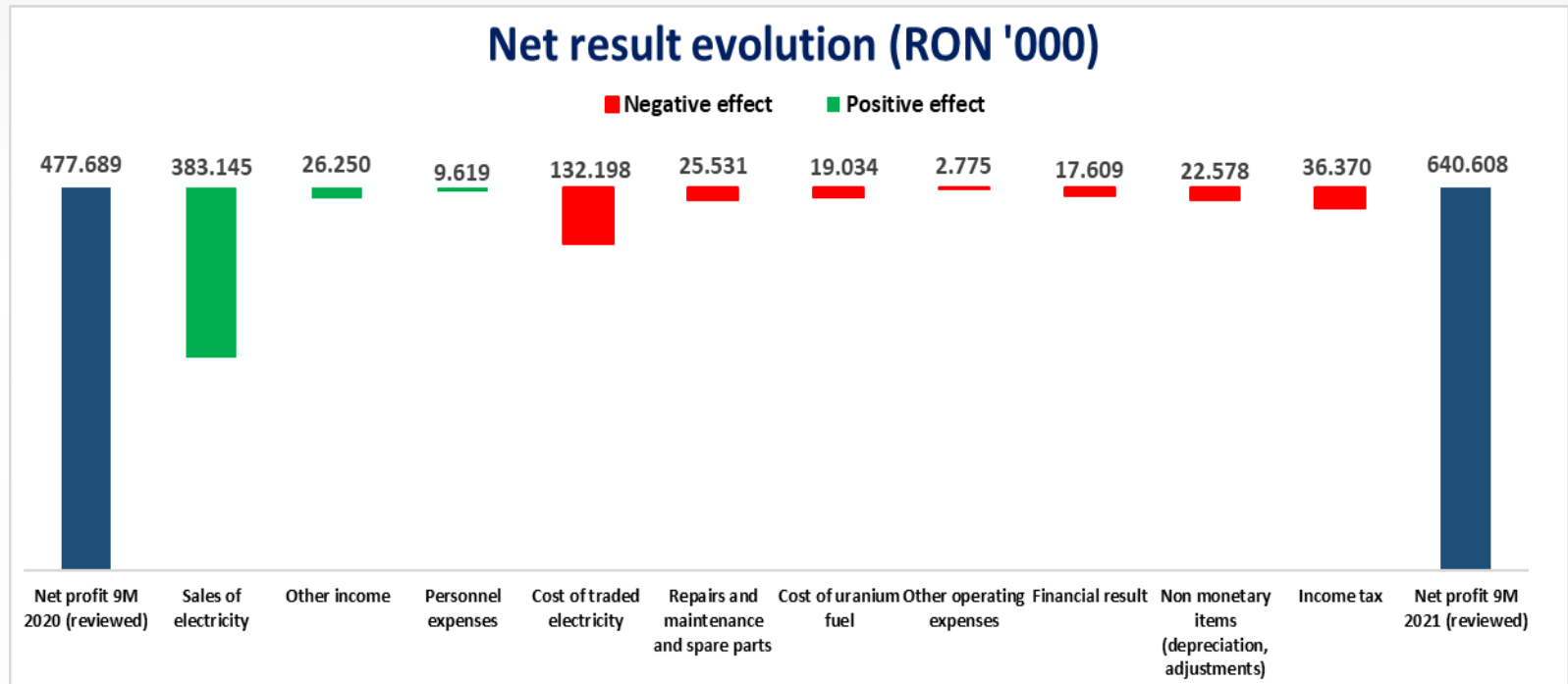
RON '000	9M ended 30.09.2021 (unaudited)	9M ended 30.09.2020 (unaudited)	Variation (%)	9M ended 30.09.2019 (unaudited)	Variation (%)	Budget 9M 2021*	Variation (%)
	1	2	3 = (1 - 2)/2	4	5 = (2 - 4)/4	6	7 = (1 - 6)/6
<b>Revenues</b>							
Sales of electricity **	2,114,818	1,731,673	22.1%	1,771,356	(2.2%)	1,931,035	9.5%
Electricity transmission revenues	9,843	9,989	(1.5%)	8,878	12.5%	9,748	1.0%
<b>Total revenues</b>	<b>2,124,661</b>	<b>1,741,662</b>	<b>22.0%</b>	<b>1,780,233</b>	<b>(2.2%)</b>	<b>1,940,783</b>	<b>9.5%</b>
Other income	61,771	35,521	73.9%	29,985	18.5%	45,332	36.3%
<b>Operating expenses</b>							
Personnel expenses	316,552	326,171	(2.9%)	351,812	(7.3%)	328,278	(3.6%)
Cost of traded electricity	183,751	51,553	256.4%	83,206	(38.0%)	155,674	18.0%
Repairs and maintenance	70,441	46,849	50.4%	47,835	(2.1%)	80,991	(13.0%)
Electricity transmission expenses	9,843	9,989	(1.5%)	8,878	12.5%	9,748	1.0%
Costs with spare parts	15,378	13,437	14.4%	12,441	8.0%	16,276	(5.5%)
Cost of uranium fuel	115,119	96,084	19.8%	78,601	22.2%	104,784	9.9%
Other operating expenses	303,293	286,606	5.8%	291,182	(1.6%)	347,848	(12.8%)
<b>Total operating expenses</b>	<b>1,014,376</b>	<b>830,689</b>	<b>22.1%</b>	<b>873,954</b>	<b>(5.0%)</b>	<b>1,043,600</b>	<b>(2.8%)</b>
<b>EBITDA</b>	<b>1,172,055</b>	<b>946,493</b>	<b>23.8%</b>	<b>936,264</b>	<b>1.1%</b>	<b>942,515</b>	<b>24.4%</b>
Depreciation and amortisation	417,428	408,763	2.1%	415,582	(1.6%)	430,814	(3.1%)
<b>EBIT</b>	<b>754,627</b>	<b>537,730</b>	<b>40.3%</b>	<b>520,682</b>	<b>3.3%</b>	<b>511,701</b>	<b>47.5%</b>
Finance costs	28,305	33,730	(16.1%)	53,921	(37.4%)	25,872	9.4%
Finance income	45,600	68,634	(33.6%)	49,217	39.5%	44,180	3.2%
Income tax charge, net	131,314	94,944	38.3%	100,032	(5.1%)	93,336	40.7%
<b>Net profit</b>	<b>640,608</b>	<b>477,689</b>	<b>34.1%</b>	<b>415,946</b>	<b>14.8%</b>	<b>436,673</b>	<b>46.7%</b>

\* Revenue and Expenditure Budget for 2021 was approved through GSM no. 7/06.05.2021.

\*\* Including thermal energy.

## Financial Highlights

### - Net result evolution (increased by 34.1%) -



Net result benefited mainly from a significant increase of revenues from sales of electricity (including sales of thermal energy), other income and a decrease of personnel costs. Other positive influences are determined by decrease of other operating expenses.

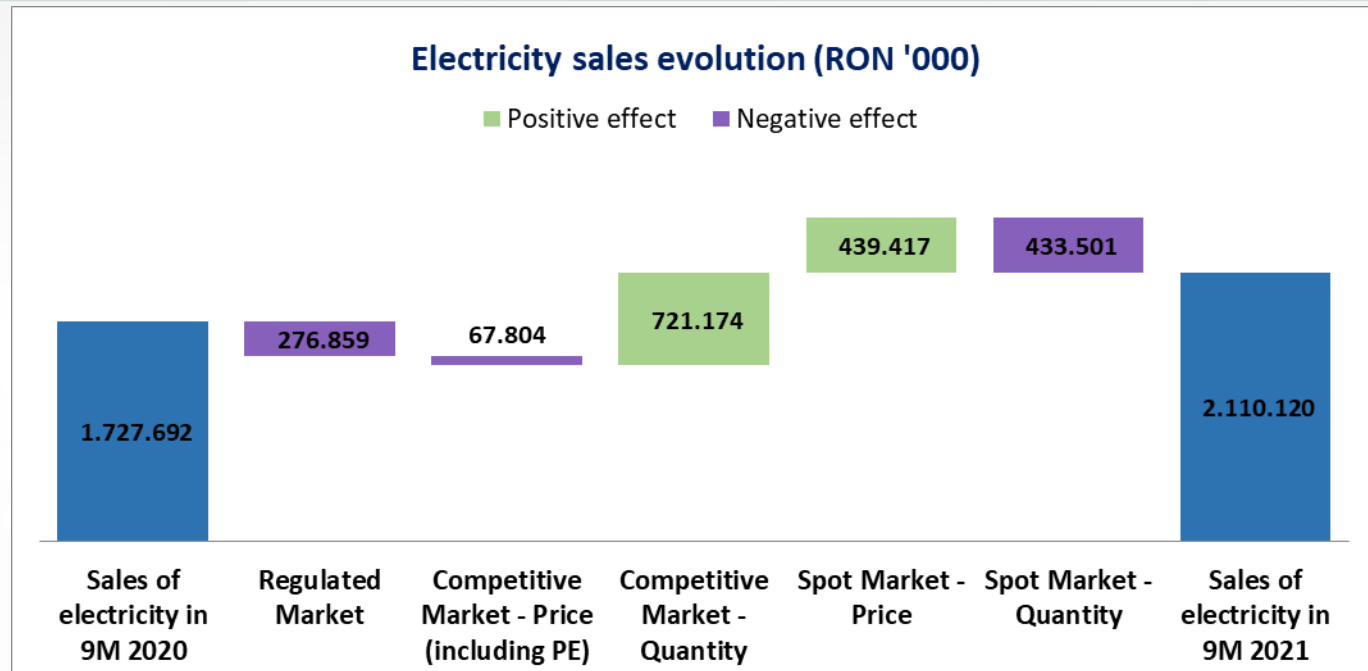
The negative impact is caused mainly by increase of cost of trade electricity, repairs and maintenance and spare parts expenses, financial results, non monetary items, income tax and cost of uranium fuel.

## Financial Highlights

### - 9M 2021 Financial position -

RON '000	30.09.2021 (unaudited)	31.12.2020 (audited)	Variation (%)
	A	B	C = (A - B)/B
<b>Total non-current assets</b>	<b>5,849,987</b>	<b>5,995,542</b>	<b>(2.4%)</b>
Inventories	452,230	435,435	3.9%
Assets classified as held for sale	0	2,232	(100.0%)
Trade receivables	208,466	157,944	32.0%
Other financial assets at amortised cost	74,450	85,368	(12.8%)
Cash and cash equivalents (incl. deposits)	2,211,314	2,167,950	2.0%
<b>Total current assets</b>	<b>2,946,460</b>	<b>2,848,928</b>	<b>3.4%</b>
<b>Total assets</b>	<b>8,796,447</b>	<b>8,844,469</b>	<b>(0.5%)</b>
Share capital and premium	3,243,416	3,243,416	0.0%
Prepaid share reserve	21,554	21,554	0.0%
Revaluation reserve	177,254	198,800	(10.8%)
Retained earnings	4,245,985	4,055,916	4.7%
<b>Total shareholder's equity</b>	<b>7,688,208</b>	<b>7,519,685</b>	<b>2.2%</b>
Long term borrowings	152,371	290,479	(47.5%)
Long term lease liabilities	961	515	86.6%
Provisions for risks and expenses	243,280	235,410	3.3%
Other non-current liabilities	182,707	195,697	(6.6%)
<b>Total non-current liabilities</b>	<b>579,320</b>	<b>722,101</b>	<b>(19.8%)</b>
Accounts payable and other liabilities	237,631	333,298	(28.7%)
Current portion of provisions for risks and expenses	69,584	57,273	21.5%
Short term lease liabilities	274	118	133.1%
Current portion of long term borrowings	221,430	211,995	4.5%
<b>Total current liabilities</b>	<b>528,920</b>	<b>602,684</b>	<b>(12.2%)</b>
<b>Total liabilities</b>	<b>1,108,239</b>	<b>1,324,784</b>	<b>(16.3%)</b>
<b>Total equity and liabilities</b>	<b>8,796,447</b>	<b>8,844,469</b>	<b>(0.5%)</b>

## Sales of electricity in 9M 2021 increased by 22.1% compared to 9M 2020



### Electricity sales evolution from 9M 2020 to 9M 2021 was determined by:

- increase in total quantity of electricity sold by 1.9%, at an weighted average (w/out Tg) selling price by 19.9% higher;
- changes in sales structure (quantities sold), corroborated with price evolution, as follows:
  - 0.004% sales (361 MWh - the contracts concluded on the regulated market for the second half of 2020 have delivery in CET hours; the last delivery time in 2020 being the first in January 2021) on **Regulated Market** in 9M 2021 compared to 18.7% (1,481,558 MWh) in 9M 2020, with 2.3% decrease of price;
  - sales on **Competitive Market** of 86.0% in 9M 2021 compared to 51.1% in 9M 2020 (increase of 72% from 9M 2020 to 9M 2021), with 6.2% decrease of price;
  - sales on **Spot Market** of 13.7% in 9M 2021 compared to 29.9% in 9M 2020 (decrease of 53% from 9M 2020 to 9M 2021), with 115.6% increase of price;
  - **Balancing Market (PE)**: sales increase of 1% corroborated with 199.4% increase of price.

## Sales structure analysis 9M 2021 vs. 9M 2020

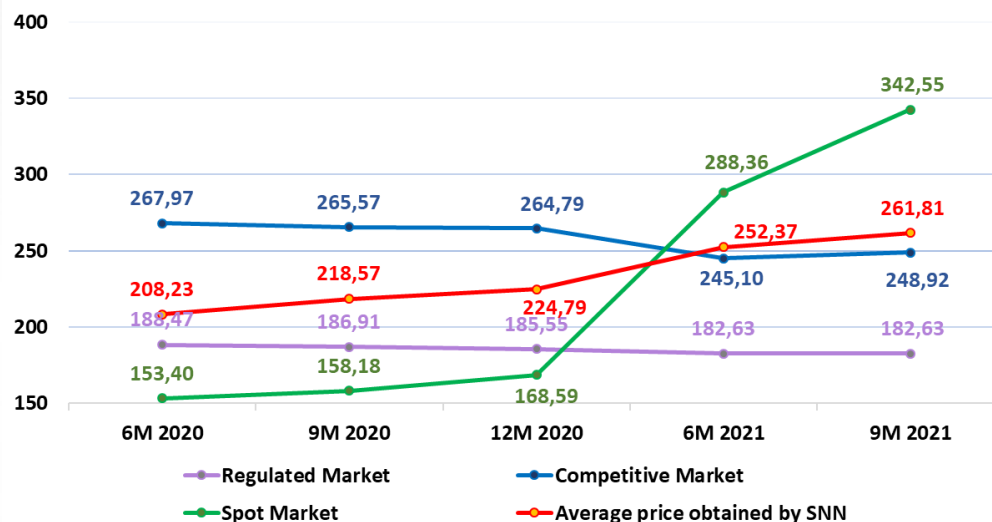
The sale structure of 9M 2021 is completely changed compared to 9M 2020. Differences are determined by both, the percentage of energy sold on the Regulated Market and the significant changes between Competitive Market and Spot Market percentage.

Starting with 2021, the Romanian electricity market has been fully liberalized and as direct result, ANRE no longer established delivery obligations for producers on the **Regulated Market**. The contracts concluded on the Regulated Market for the second half of 2020 have delivery in CET hours, the last delivery hour in 2020 being the first in January 2021 (361 MWh, regulated price of 182.63 RON/MWh (w/out Tg)).

The quantities of electricity sold on the **Competitive Market** represented in 9M 2021 86.0% of the total volume of electricity sold, compared to 51.1% recorded in 9M 2020. The average selling price during this period was 248.92 RON/MWh (w/out Tg), recording a 6.2% decrease compared to the average price recorded in the same period of 2020, of 265.57 RON/MWh (w/out Tg).

On the **Spot Market (PZU + PI)**, in 9M 2021 the quantities of electricity sold represented 13.7% of the total sales volume, compared to 29.9% in the same period of 2020. The average price on spot market, made by SNN in 9M 2021 was 342.55 RON/MWh (w/out Tg), compared to 158.18 RON/MWh (w/out Tg) in 9M 2020.

Sales prices evolution (RON/MWh w/out Tg)



Sales structure of quantities sold

Quantities	9M 2021 Actual	9M 2021 Budgeted	Variation actual vs. Budgeted [%]	9M 2020 Actual	Variation comparative periods [%]
Regulated Market	361	361	-	1,481,558	(99.98%)
Competitive Market	6,930,338	6,895,920	0.50%	4,040,768	71.51%
Spot Market	1,106,395	1,143,498	(3.24%)	2,367,333	(53.26%)
<b>Total</b>	<b>8,037,094</b>	<b>8,039,779</b>	<b>(0.03%)</b>	<b>7,889,659</b>	<b>1.87%</b>

## OPEX

Cost structure (RON '000)	9M 2021 [1]	%	9M 2020 [2]	% 3=[1-2]/2	Budget 9M 2021 [4]	% 5=[1-4]/4
Depreciation and amortisation	417,428	29.2%	408,762	2.1%	430,814	(3.1%)
Personnel expenses	316,552	22.1%	326,171	(2.9%)	328,278	(3.6%)
Cost of traded electricity	183,751	12.8%	51,553	256.4%	155,674	18.0%
Other operating expenses	163,551	11.4%	147,391	11.0%	255,076	(35.9%)
Cost of uranium fuel	115,119	8.0%	96,084	19.8%	104,784	9.9%
ANDR contribution	76,558	5.3%	73,106	4.7%	51,699	48.1%
Repairs and maintenance	70,441	4.9%	46,849	50.4%	80,991	(13.0%)
Tehnological and non-tehnological water and energy	61,345	4.3%	58,061	5.7%	39,849	53.9%
Cost with spare parts	15,378	1.1%	13,438	14.4%	16,276	(5.5%)
Electricity transmission expenses	9,843	0.7%	9,989	(1.5%)	9,748	1.0%
ANRE contribution	1,839	0.1%	8,048	(77.2%)	1,224	50.2%
<b>Total</b>	<b>1,431,805</b>	<b>100%</b>	<b>1,239,453</b>	<b>15.5%</b>	<b>1,474,414</b>	<b>(2.9%)</b>

### □ 9M 2021 OPEX higher with 15.5% compared to 9M 2020 on the basis of:

- **Depreciation and amortisation:** without significant changes between the two periods.
- **Personnel expenses:** decreased by 2.9%, due to the decrease in the number of personnel and also of SNN's commitments to employees, representing benefits and rewards included in the Budget for 9M 2021.
- **Cost of traded electricity:** recorded a significant increase, subject of purchases of electricity and imbalances, thus:
  - **Larger purchases of electricity** in 9M 2021, compared to 9M 2020 (increase of 104 mil. RON), to cover contractual obligations during unplanned outage of U1 and planned and unplanned outages of U2. The total amount of electricity purchased in 9M 2021 was 431,162 MWh (9M 2020: 197,875 MWh), at an average price of 330.57 RON/MWh (9M 2020: 195.68 RON/MWh).
  - **Increase in expenses with imbalances of 28.4 mil. RON:** these expenses represent the equivalent of energy received from balancing market mainly due to differences in notified quantities vs. delivered. A larger quantity was needed in 9M 2021.
- **Other operating expenses:** recorded an overall increase of 11.0%, mainly due to increase in provisions and other services performed by third parties.
- **Cost with spare parts, repairs and maintenance:** recorded an overall increase, correlated with the repairs and maintenance program and with the needs in 9M 2021.
- **Cost of uranium fuel:** increased by 19.8% due to increase in weighted average cost, which comprises all cost components, of fuel bundles consumed by CNE Branch. Average acquisition cost of sintered uranium dioxide powder consumed by FCN Branch in the production of fuel bundles in 9M 2021 was 491.64 RON/kg, coming from the existing stock as at January 1, 2021 and acquisitions during the period (from CNU – Feldioara Branch and Cameco Marketing Inc. Canada), compared to the average cost of 510.91 RON/kg consumed in 9M 2020.
- **ANDR contribution** for decommissioning (0.6 EUR/MWh) and for permanent storage of radioactive waste (1.4 EUR/MWh), recorded an increase of 4.7% due to increase in exchange rate, partially compensated by the decrease in the estimated quantities of electricity sold.
- **Electricity transmission expenses:** recorded a slight decrease of 1.5% due to the decrease in the level of electricity sold in 9M 2021, compared to 9M 2020. The transmission tariff into the grid remained the same, of 1.30 RON/MWh starting with January 1, 2020.
- **ANRE contribution:** recorded a significant decrease due to reduction of the tax percentage paid by SNN, from 2% to 0.1% of turnover. The first 14 days of 2020 were subject of ANRE Order no. 251/2019 (2%), and for the remaining days of 2020 and the entire year of 2021 the tax is 0.1% of turnover (ANRE Order no. 1/2020 and ANRE Order no. 223/2020).



## CAPEX

### Capital expenditure of SNN in 9M 2021:

- 244.0 mil. RON in 9M 2021 (in 9M 2020: 157.1 mil. RON) out of total investment program of 433.9 mil. RON.
- Target level of 40% for 9M 2021 has been exceeded.

CAPEX Program [thousand RON]	BVC 2021*)	Degree of completion 30.09.2021		BVC 2020	Degree of completion 30.06.2020	
Ongoing investments	251,362	138,769	55.2%	105,788	47,522	44.9%
Investments made on tangible assets	90,811	77,973	85.9%	132,278	93,337	70.6%
Equipments	91,687	27,279	29.8%	71,478	16,254	22.7%
<b>Total value of investment program</b>	<b>433,860</b>	<b>244,022</b>	<b>56.2%</b>	<b>309,544</b>	<b>157,112</b>	<b>50.8%</b>

\*) Approved through GSM no. 7/06.05.2021.

## 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 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.
- By Decision no. 3/05.04.2021 of the OGMS was approved the "Strategy for the continuation of Cernavoda NPP Units 3 and 4 Project".

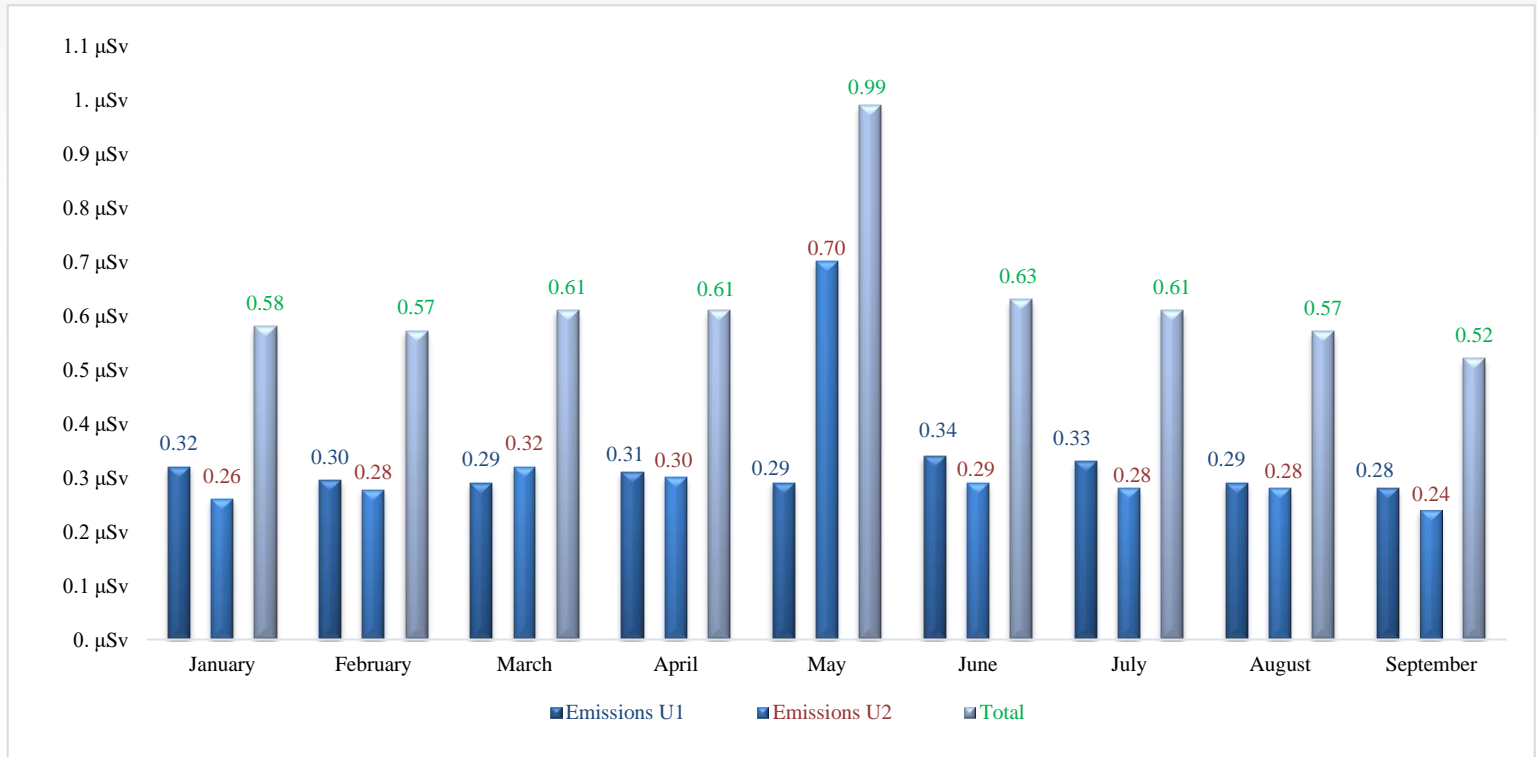
(\*) On December 4, 2020 / December 9, 2020, was signed in Upper Marlboro / Bucharest, the Agreement between the Romanian Government and the USA Government on cooperation in connection with the nuclear power projects in Cernavoda and Romanian civil nuclear energy sector. By reference to the investment projects carried out by SNN, the initialing phase of this Agreement mainly aims: "Increase of the Production Capacity" and "Unit 1 Refurbishment".

(\*) In July 2021, Romania has ratified 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.

#### **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.
- On March 18, 2021, SNN signed with National Uranium Company, the sale – purchase contract of some assets within the uranium concentrate processing line from National Uranium Company - Feldioara Branch.
- On August 4, 2021, SNN signed an addendum with National Uranium Company for taking over the concession license of the Tulghes – Grinties exploitation activity, based on the order of the National Agency of Mineral Resources.

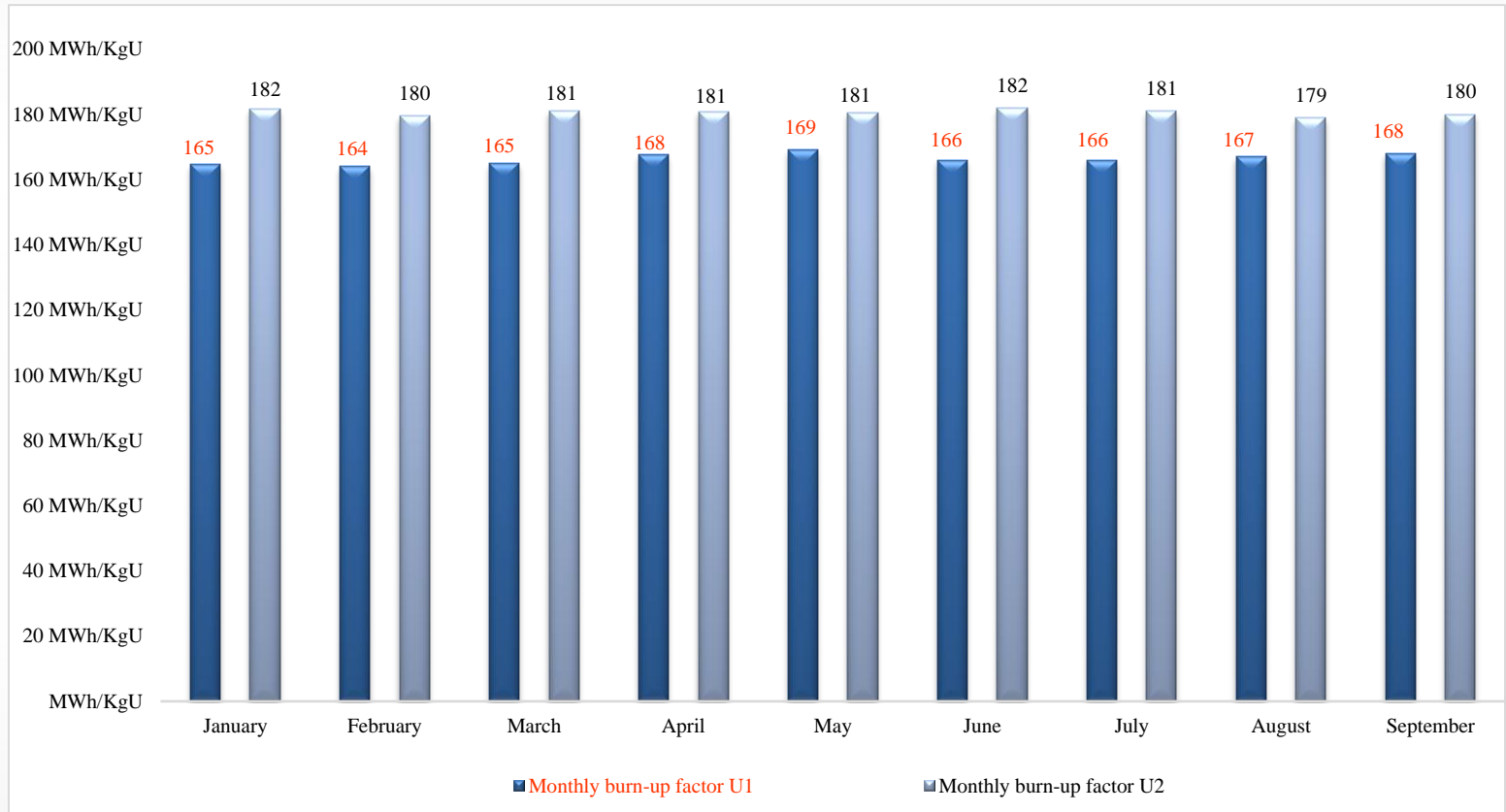
## Radioactive emissions U1+U2 (μSv)



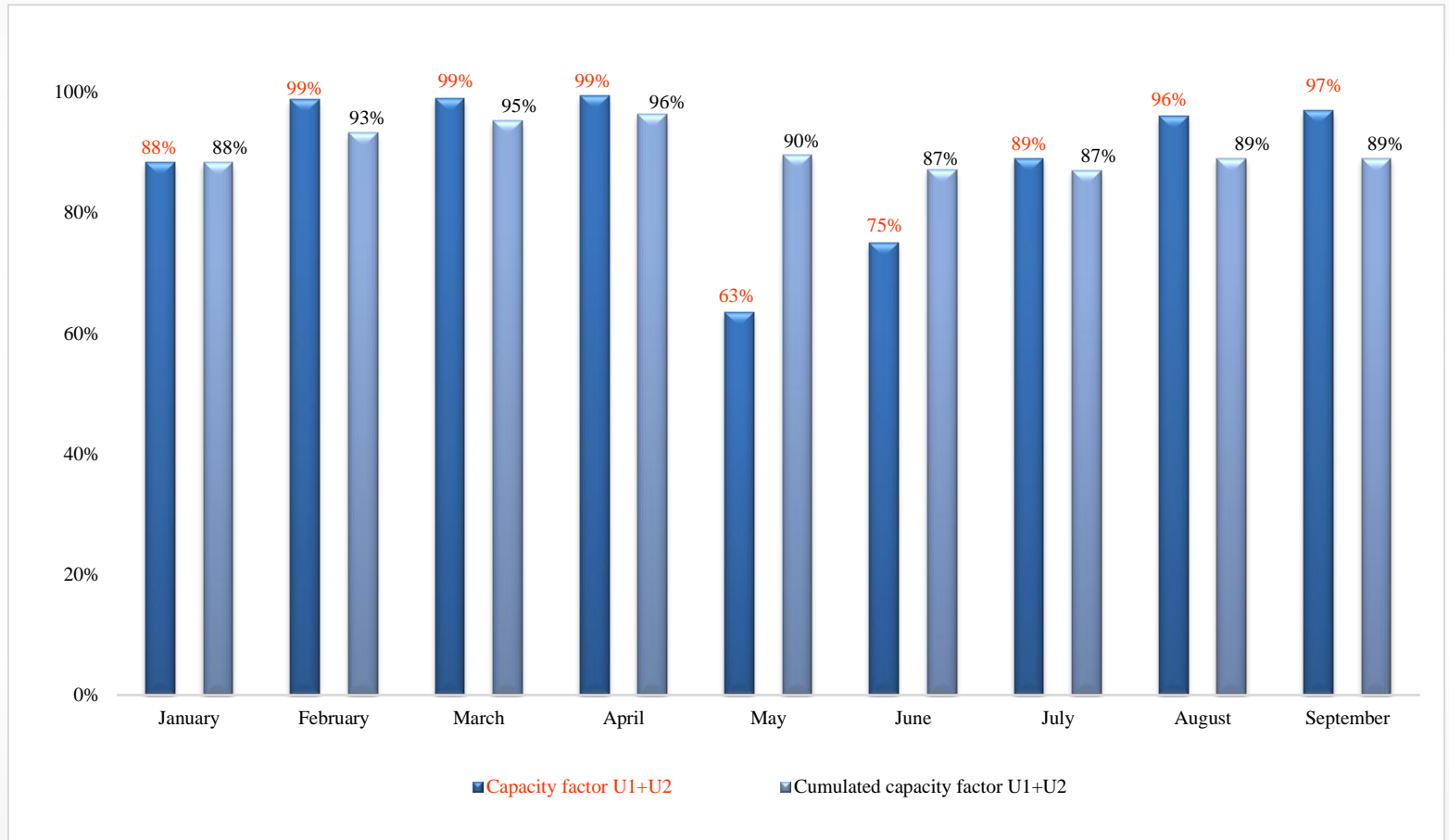
Total 9M 2021:	Anual limit:
5.7	250

**CNCAN authorized limit = 100 μSv/year/unit + 50 μSv/year DICA**  
**Legal limit for population (as per Radioprotection Norm NSR01) = 1,000 μSv/year**

## Nuclear fuel burn up factor (MWh/KgU) (Cumulated 9M 2021: 173/Project estimated: min. 156)



## CANDU Technology Unit performance U1 + U2 (%) Capacity Factor (Cumulated 9M 2021: 89.43%)



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## **Executive Management**

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**Thank you!**