

S.N. Nuclearelectrica S.A. (SNN)

Power of the future
Safety and efficiency

Bucharest, February 16th 2015

Investors Meeting



Agenda



- **Key financials**
- **2014 Results**
- **2014 Sales of electricity**
- **CAPEX**



Key financials



RON '000	2014	2013	Var %
Quantity of energy sold (Mwh)	10.843.512	10.987.771	-1%
Sales of electricity	1.685.389	1.829.187	-8%
Operating expenses	(1.208.466)	(1.164.925)	4%
EBITDA	605.671	894.097	-32%
EBIT	179.798	461.096	-61%
Net profit	137.085	423.391	-68%
Basic EPS (RON/share)	0,49	1,64	-70%
Diluted EPS (RON/share)	0,45	1,52	-70%

Nuclearelectrica preliminary profit drops 68% y/y

Main drivers:

- Lower selling prices on competitive markets (-16% y/y);
- Tax on special construction amounting 89 million lei in 2014 (nil in the same period of 2013);
- Significant revenues from penalties have no longer been incurred (105 million lei in 2013);
- Net financial result has contributed negatively to the achievement of net profit;
- Cash decreases due to dividend payments and buy back of minority equity interest in Energonuclear.

2014 Results - Balance sheet



Preliminary Unaudited Individual Financial Statements - Balance sheet

RON'000	31.dec.14	31.dec.13	Variation
Total non-current assets	8.025.830	8.279.553	-3,1%
Inventories	395.604	386.303	2,4%
Trade and other receivables	259.113	207.910	24,6%
Cash and cash equivalents (incl. deposits)	1.183.741	1.443.806	-18,0%
Cash and cash equivalents	1.152.299	739.280	55,9%
Total current assets	1.838.459	2.038.020	-9,8%
Assets to be transferred		1.382.640	-100,0%
Total current assets	1.838.459	3.420.660	-46,3%
Total assets	9.864.289	11.700.214	-15,7%
Share capital and premium	3.239.181	3.044.804	6,4%
Prepaid share reserve	23.444	215.930	-89,1%
Revaluation reserve	313.390	337.714	-7,2%
Retained earnings	3.916.653	4.099.989	-4,5%
Total shareholder's equity	7.492.668	7.698.437	-2,7%
Long term borrowings	1.496.192	1.675.428	-10,7%
Other non-current liabilities	400.790	420.974	-4,8%
Total non-current liabilities	1.896.982	2.096.401	-9,5%
Accounts payable and other liabilities	269.959	309.949	-12,9%
Current portion of long term borrowings	204.680	212.786	-3,8%
Subtotal current liabilities	474.639	522.735	-9,2%
Liability for transfer of assets	-	1.382.640	-100,0%
Total current liabilities	474.639	1.905.375	-75,1%
Total liabilities	2.371.620	4.001.776	-40,7%
Total equity and liabilities	9.864.289	11.700.214	-15,7%

Total non-current assets

In January 2014, the Company bought the shares of the two minority shareholders at a price equal to 80% of the nominal value of the shares for the total amount of 17.947.586 RON. At 31 December 2014, the Company owns 100% of the share capital of EnergoNuclear (84,65% at 31 december 2013).

Cash and cash equivalents

In 2014 the company paid 2013 dividends in amount of 341 million (28 million in the financial year ending 31.12.2013).

Assets to be transferred

On 27 November 2014, the representatives of SNN, of the National Administration of State Reserves and Special Matters (ANRSPS) and RAAN, concluded a handover protocol for the quantity of 786.715,78 kg heavy water which was financed from budget allocations during 2006-2011.

At 31 December 2013, the heavy water which was to be transferred to ANRSPS was presented in the Statement of individual financial position as "Assets to be transferred", within "Current assets" category, while the cash contributions from the state budget were presented as "Liability related to assets to be transferred", within the "Current liabilities" category.

2014 Results - Balance sheet (cont'd)



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Share capital

The Resolution of the Extraordinary General Meeting of Shareholders („EGMS”) number 8/06.10.2014 approved the share capital increase of SNN through cash contributions. At 31 December 2014, the share capital subscribed by the Romanian state in the amount of 194.376.700 RON, representing the budget allocations from the period 2006-2009 for the completion of Unit 2 and for works on Units 3-5 of Cernavoda NPP, was transferred to the share capital from the „Prepaid share reserve” position.

Borrowings

In 2014, the company began to pay Euroatom loans (additional 10mil EUR principal repayments compared to 2013).

2014 Results - Profit & Loss



NUCLEARELECTRICA

Preliminary Unaudited Individual Financial Statements - Profit & Loss

RON'000	31.dec.14	31.dec.13	Variation	Budget 2014	Variation vs Budget
Revenues					
Sales of electricity	1.685.389	1.829.187	-7,9%	1.683.506	0,1%
Electricity transmission revenues	109.273	103.316	5,8%	109.974	-0,6%
Total revenues	1.794.662	1.932.503	-7,1%	1.793.480	0,1%
Other income	19.474	126.519	-84,6%	22.773	-14,5%
Operation expenses					
Personnel expenses	(296.338)	(297.954)	-0,5%	(304.913)	-2,8%
Cost of traded electricity	(29.490)	(77.328)	-61,9%	(42.249)	-30,2%
Repairs and maintenance	(129.503)	(142.250)	-9,0%	(144.831)	-10,6%
Electricity transportation expenses	(109.273)	(103.316)	5,8%	(109.974)	-0,6%
Costs spare parts	(24.749)	(28.528)	-13,2%	(29.093)	-14,9%
Cost of uranium fuel	(134.242)	(113.396)	18,4%	(125.844)	6,7%
Other operating expenses	(484.872)	(402.154)	20,6%	(497.461)	-2,5%
Total operating expenses	(1.208.466)	(1.164.925)	3,7%	(1.254.365)	-3,7%
EBITDA					
Depreciation and amortisation	(425.873)	(433.001)	-1,6%	(458.800)	-7,2%
EBIT	179.798	461.096	-61,0%	103.088	74,4%
Finance costs	(117.836)	(172.420)	-31,7%	(74.464)	58,2%
Finance income	96.954	229.014	-57,7%	95.647	1,4%
Income tax charge, net	(21.830)	(94.299)	-76,8%	(25.273)	-13,6%
Net profit	137.085	423.391	-67,6%	98.998	38,5%

Sales of electricity

Even though quantities of sold energy remained fairly constant (-1% y/y), sales of electricity dropped mainly due to:

- lower quantities sold on regulated market (35% in 2014 vs 48% in 2013)
- drop in sales prices on competitive market (-16% y/y)
- increase in sales prices on regulated market (+6% y/y), partially compensates the introduction of the tax on special constructions (from July 1st 2014)

Personnel expenses

Starting October 2014 the social security contribution decreased by 5 pp.

Cost of traded electricity

The total value is below 2013 level due to fewer unplanned outages.

There has been one unplanned outage of Unit 2, in September 2014 (21,5 hours) and three unplanned outages of Units 1 (17 hours) and Unit 2 (50h) in Q4 2014. Related costs recorded in December 2014 amount to 13 mil lei.

2014 Results - Profit& Loss (cont'd)



NUCLEAR ELECTRICA

Preliminary Unaudited Individual Financial Statements - Profit & Loss

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Net profit	137.085	423.391	-67,6%	98.998	38,5%

Cost of uranium fuel

Fuel cost in the first three quarters of 2014 was determined by higher purchase prices in second half of 2013 (discharged in 2014 PL). In Q4 2014 the cost of uranium decreased compared to prior quarters of 2014 as it reflects discharge of fuel acquired in Q2 2014 at a price below 2013 average.

Other operating expenses

This caption includes the tax on special constructions owed by the Company for the financial year ended 31 December 2014 of 89.398.570 RON (31 December 2013: 0 RON). If were to eliminate its impact, Other operating expenses decreased by 2% compared to prior year. In Q4 2014 the company recorded scrapping of spare parts and fixed assets expenses in amount of 27 mil. RON.

Depreciation and amortization

As at 31.12.2013, following the annual stock take, the company recorded impairment losses on non current assets related to the proposed written of assets, which were reversed in Q4 2014 (25.9 mil RON), thus reducing the net depreciation and amortization position for 2014 of 452 mil RON.

2014 Sales of electricity



Sales by market (exclusiv TG)	2014	2013	Variation
Sales of electricity on regulated market (RON)	561.837.115	753.765.846	-25,5%
Sales of electricity on competitive market (RON)	1.123.282.276	1.071.948.302	4,8%
Quantities sold on regulated market (MWh)	3.742.440	5.308.173	-29,5%
Quantities sold on competitive market (MWh)	7.101.072	5.679.598	25,0%
Average price for regulated market (RON/MWh) - without TG	150,13	142,00	5,7%
Average price for competitive market (RON/MWh) - without TG	158,18	188,74	-16,2%

Achieved Sales versus Budgeted in 2014

Quantity of electricity sold (MWh)	Budgeted quantity of electricity (MWh)	Variation of Quantity	Sales of electricity (excl. TG) RON'000	Budgeted sales of electricity (excl. TG) RON'000	Variation Sales
10.843.666	10.607.210	2,23%	1.685.119	1.683.506	0,10%

CAPEX



Key investments projects 2014

Project Code	Investment project	2014		Achievement 31.12.2014
		Budgeted/ planned	Achieved (preliminary)	(%)
PJ-05-016	Intermediate Dry Spent Fuel Storage Facility (including Spent Fuel Loading Station U#2)	30.752	27.520	89,5%
PJ-04-001	Upgrading and expansion of the physical protection system	28.213	24.867	88,1%
PJ-11-006	Improvement of Cernavoda NPP's response/nuclear safety functions in case of events beyond desing basis following the Fukushima 1 nuclear accident, Japan	16.916	12.730	75,3%
Total		75.881	65.117	85,8%

RON'000

CAPEX

- Total amount of investment program for 2014 is 296,74 million RON, out of which was achieved an amount of 184,8 million RON.
- The following projects were finished during 2014:
 - Installation of an upgraded system for monitoring hydrogen leakage in the cooling water (SLMS) at U1
 - Spent Fuel Loading Station (SICA U2)
 - Construction and installation works related to 7th module of Spent Fuel Dry Storage (DICA)
 - Modernization of the deformation measurement system U1
 - Modernization of lifting equipment from U1+U2 CNE Cernavoda
 - Installation of an "on line" system for measuring the concentration of dissolved gases in the insulating oil of power transformers
 - Installation of SLP signal (Sustained Low Pressure) at ECC U1

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2015 Financial calendar

Date	Next event
Apr 29th 2015 -	Annual audited financial results for the year 2014
May 14th 2015 -	Quarterly Report for the 1st Quarter of the year 2015
Aug 14th 2015 -	1st Half of the year 2015 Report
Nov 13rd 2015 -	Quarterly Report for the 3rd Quarter of the year 2015

Executive Management

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