

NUCLEARELECTRICA

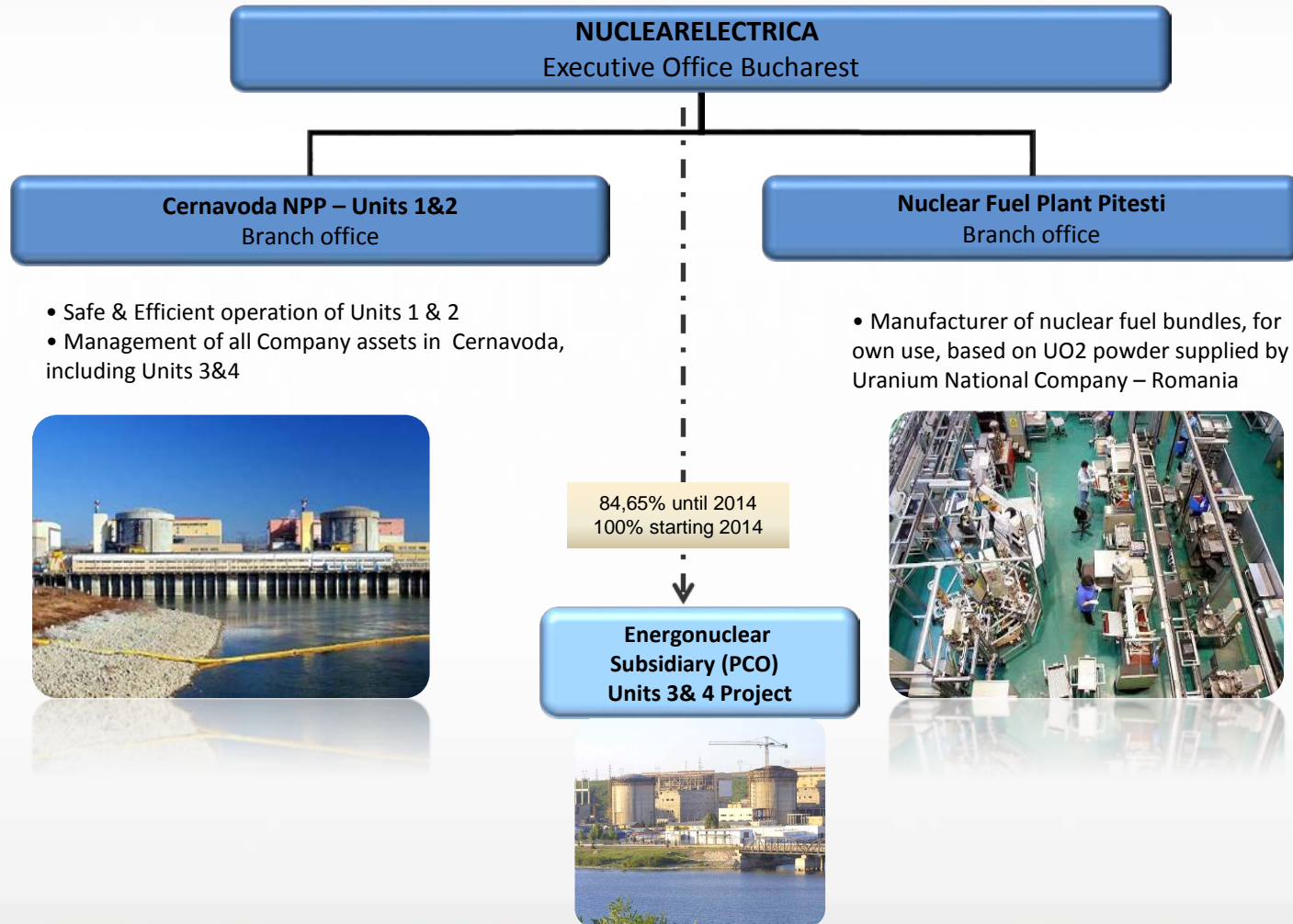
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SNN Investors Day

The Quarterly Report for the nine months period ended on September 30th, 2015

Nuclearelectrica - overview

Company structure



Nuclearelectrica – Shareholder structure

- IPO for a 10% stake (new shares)
- Subscription period: 9-20 September 2013
- Closed book for the institutional tranche
- Oversubscription of 5,6 and 3,7 times for the two retail tranches (small subscription tranche fully subscribed by the end of day 2)
- Deal Value (mn): RON 281,9 (~EUR 62,6)
- Total share capital increase value (mn): RON 312,5 (~EUR 69,4)
- Market Cap Post IPO (mn): RON 3.150 (~EUR 700)

Share capital
increase
2015

- IPO followed by an allocation rights issue, traded between 4 and 28 October 2013
- Shares listed on the main segment of the Bucharest Stock Exchange (Symbol: SNN) starting 4 November 2013
- Index inclusion starting 2014 (1,99% weight in BET Index, 1,53% weight in BET-XT Index)

Post-IPO
shareholding
structure

Pre-IPO
shareholding
structure

Shareholders	Shares (m)	Percent
Ministry of Economy	229,00	81,27%
Fondul Proprietatea	27,40	9,73%
Free float	25,40	9,00%
Total	281,80	100,00%

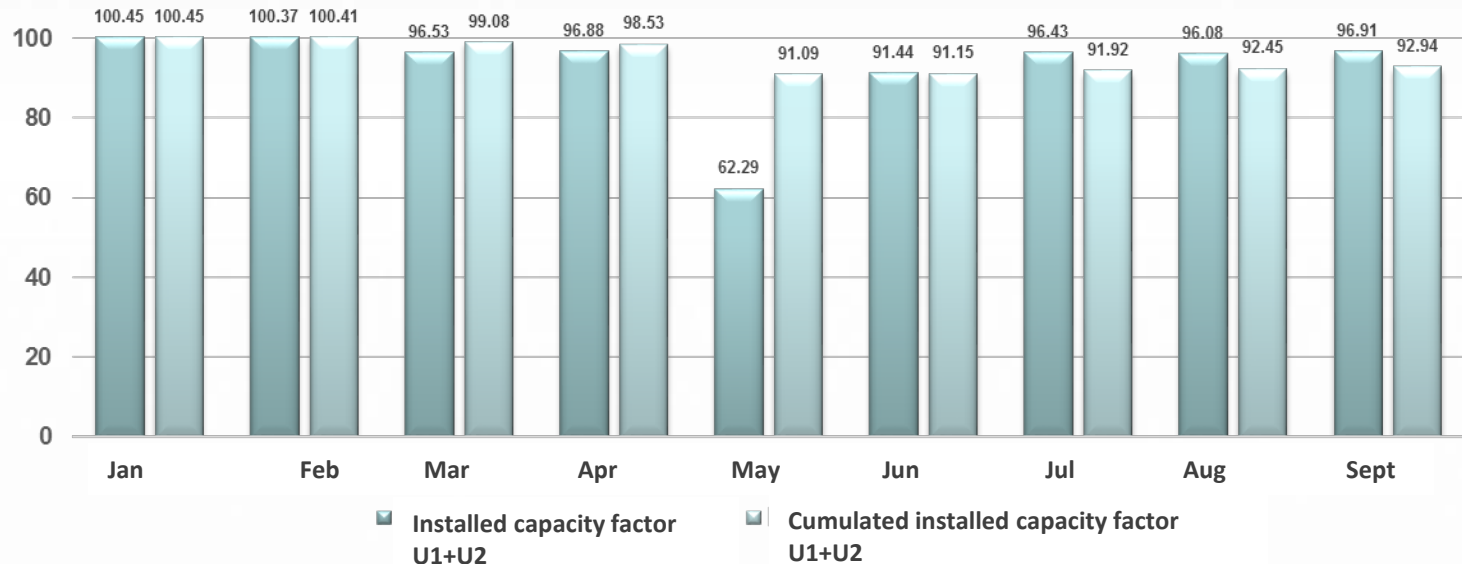
Shareholders	Shares (m)	Percent
Ministry of Economy	229,00	90,27%
Fondul Proprietatea	24,70	9,73%
Total	253,70	100,00%

Shareholders	Shares (m)	Percent
Ministry of Energy, Small and Medium sized Enterprises and Business Environment	248,44	82,48%
Fondul Proprietatea	27,40	9,10%
Free float	25,36	8,42%
Total	301,22	100,00%

- Share capital increase with 19.438.285 shares out of 23.917.263 offered
- Subscription period: 05.01.2015 – 02.04.2015
- The share capital increase represents the recognition of the contributions from the state budget through allocations during 2006-2009, and 4.479.539 shares offered within the preemption right.
- Percentage of allocations – 81,2730%
- Deal value: 194.382.850 (~EUR 43.196.188)

CANDU Technology Unit performance

Installed capacity factor U1 + U2 (%)
(Cumulated 2015: 92,94%)



Global ranking (as of June 2015-last update)

Unit capability factor (UCF) since in service to the end of 2013:

- **Unit 2-92,7%** - rank **3rd** worldwide,
 - **Unit 1-89,4%** - rank **14th** worldwide
- out of **398** units pertaining to **178** utilities from **29** countries (as of October 2015).

- With an **UCF of 91,1% since in service**, Romania ranks **1st** in the world

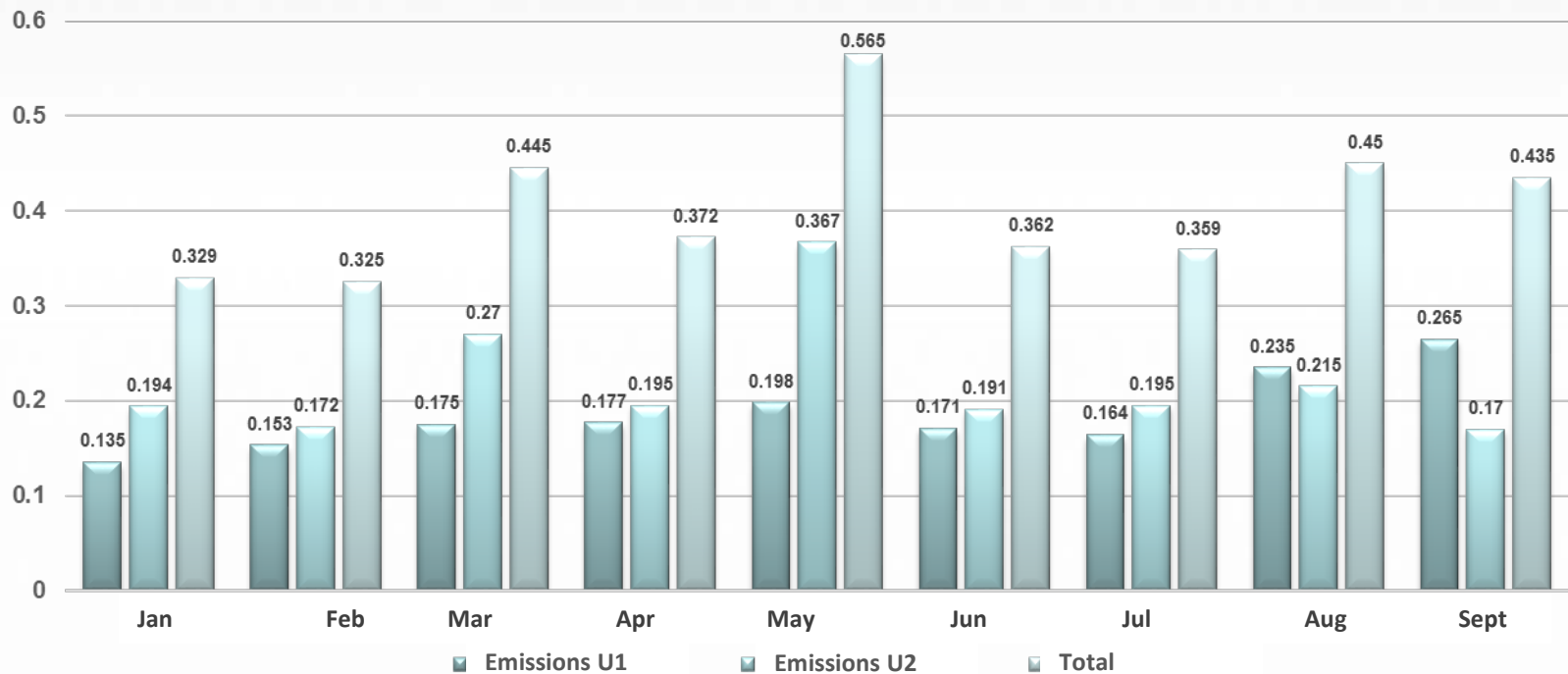
Candu Owner's Group

- Gross Capacity factor in 2014
- **Unit 1 -91,14%** - rank **12th**
- **Unit 2-98,50%** - rank **2nd**

Gross Capacity Factor since in service:

- **Unit 1-90,38%** - rank **7th**
- **Unit 2-94,53%** - rank **2nd**

Radioactive emissions U1+U2 (microSv)



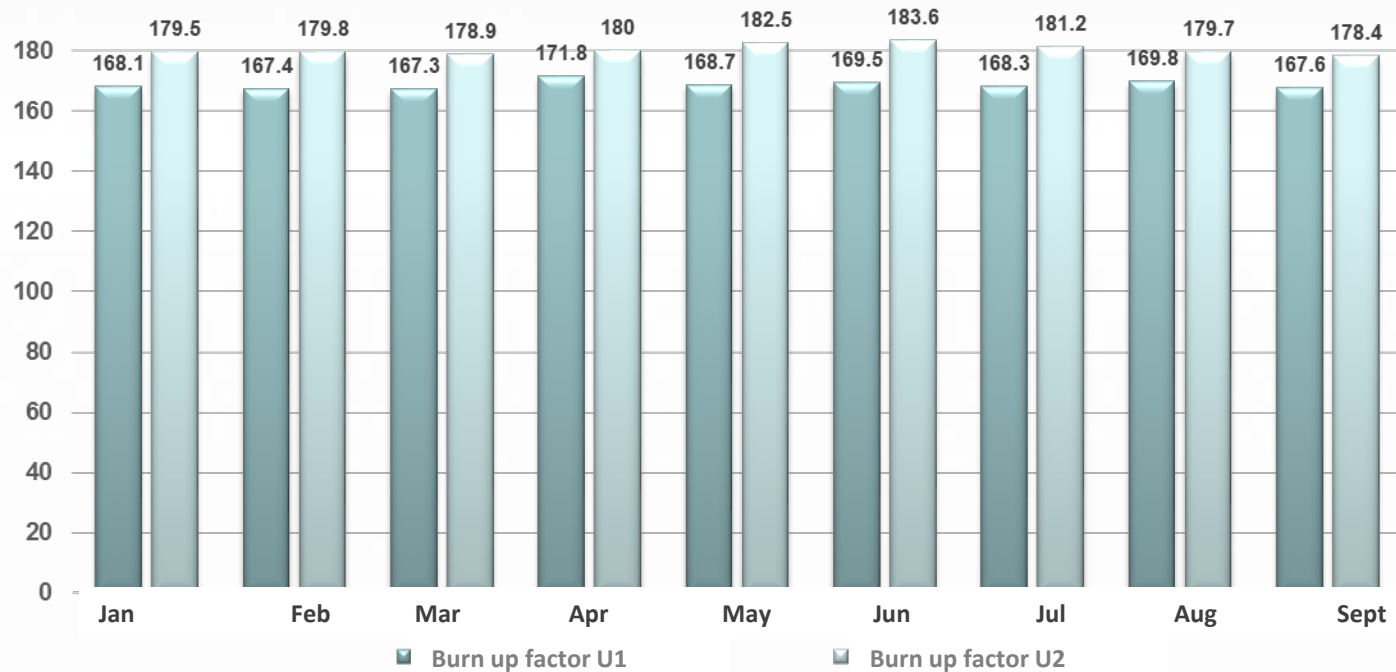
Total 2015:	Annual limit:
3,642	13,00

CNCAN authorized limit: 100 microSv/ year/ unit + 50 microSv/ year/ DICA

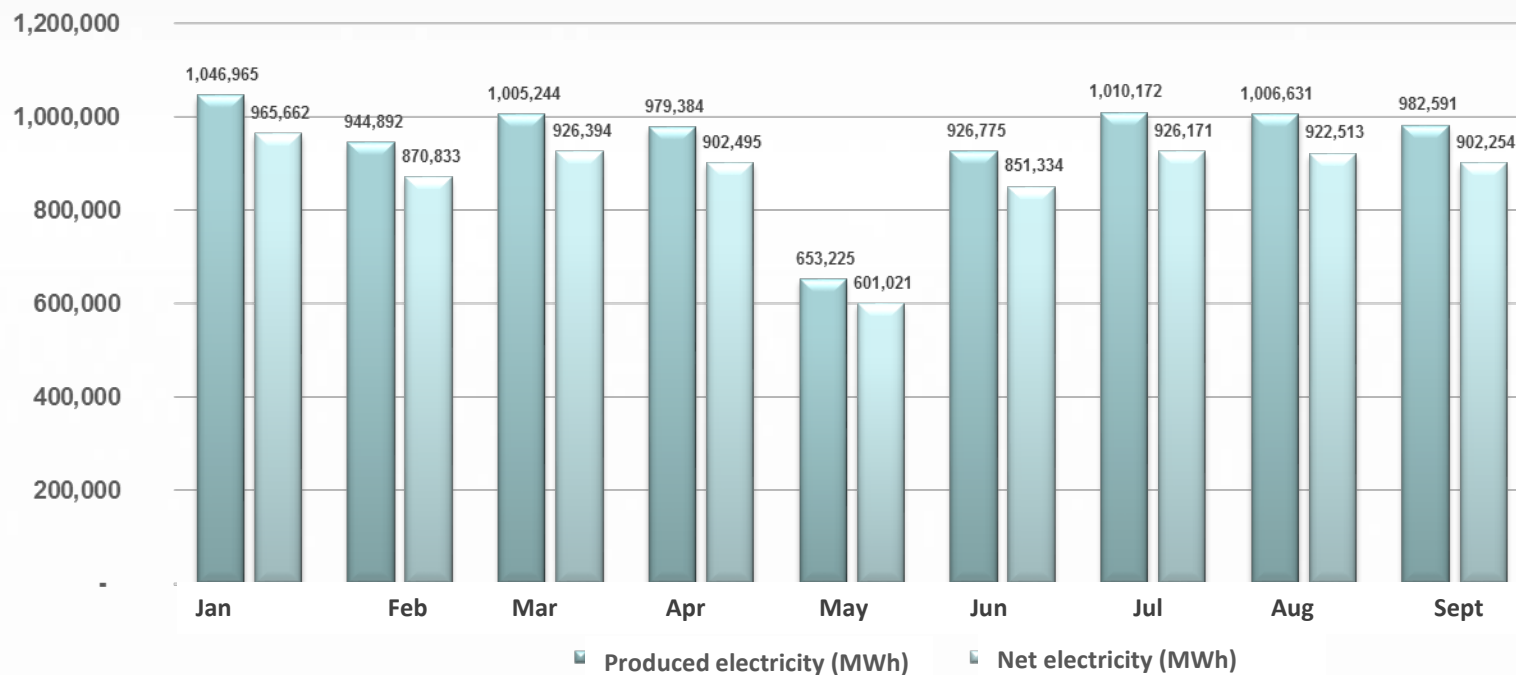
The legal limit for population (as per the Fundamental Radioprotection Norm NSR01) = 1000 microSv/ year

Nuclear fuel burn up factor (MWh/KgU)

(Cumulated 2015: 174,47 /Project estimated: 156,00)



Produced electricity/ net U1 + U2 (MWh)
(Produced electricity: 8.555.878 MWh/ Net electricity: 7.868.677 MWh)
(Cumulated internal technological consumption 2015: 8,02%)



9M 2015 Financial result highlights

RON '000	9M 2015	9M 2014	Var %
Quantity of energy sold (Mwh)	7.936.795	7.979.608	-0,5%
Sales of electricity	1.219.931	1.226.012	-0,5%
Operating expenses	(845.178)	(900.025)	-6,1%
EBITDA	459.719	421.602	9,0%
EBIT	107.324	85.462	25,6%
Net profit	131.189	77.291	69,7%
Basic EPS (RON/share)	0,44	0,27	
Diluted EPS (RON/share)	0,44	0,26	

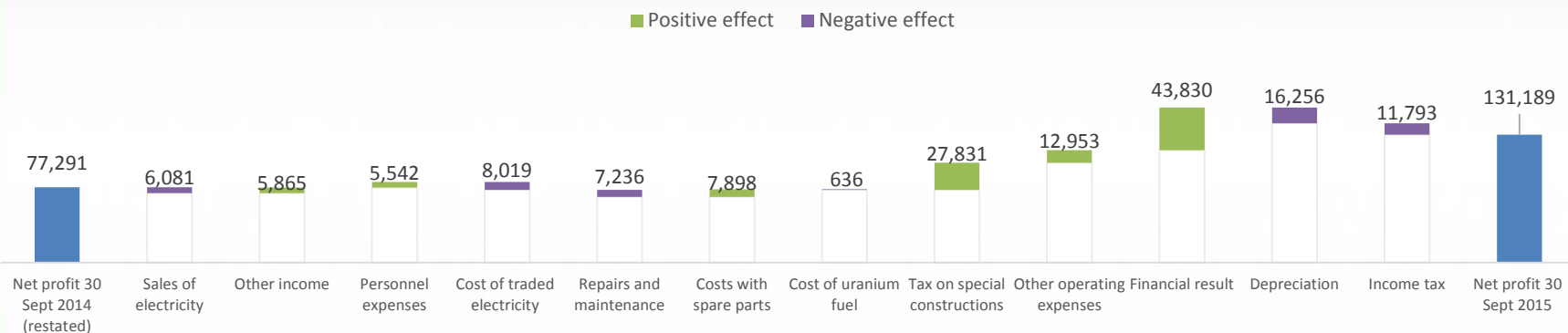
Nuclearelectrica net profit for 9M 2015: 131.189k RON

Main drivers:

- Financial profit
- Tax on special construction reduced to 1% compared with 1,5% in 2014 (applied to a similar tax base)
- Increase in regulated price of energy and decrease in weighted average price for sales on competitive market
- Levies recognition according to IFRIC 21, with restatement for the year 2014 (comparative period 9M 2014)
- Change in sales structure
- Increase in depreciation and amortization

Operating profit increased by 26% compared to 9M 2014

Net result evolution (RON'000)



SNN recorded a net result of 131.189k RON, 70% above 9M 2014 result and 409% above budgeted result, being generated by:

- Operating profit (107.324k RON), 26% above profit recorded in 9M 2014 in amount of 85.462k RON (restated)
- Financial profit (23.866k RON), versus financial loss recorded in 9M 2014 of -8.172k RON

The net result benefited from currency movements on loans and cash denominated in foreign currencies, reduction of tax on special constructions to 1% compared with 1,5% in 2014 and from lower third party expenses .

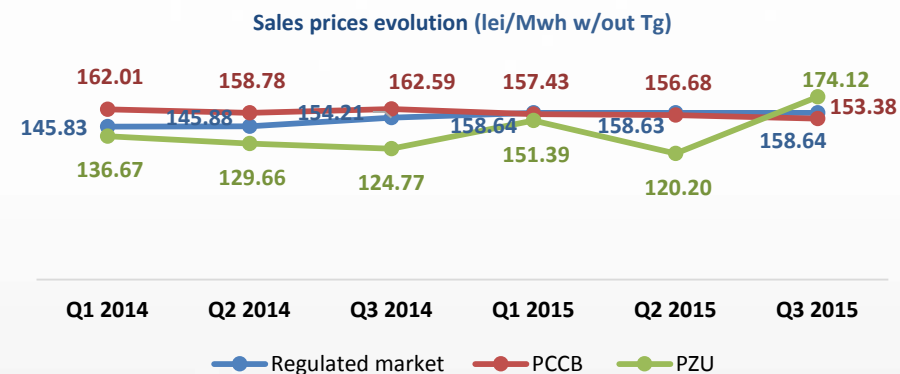
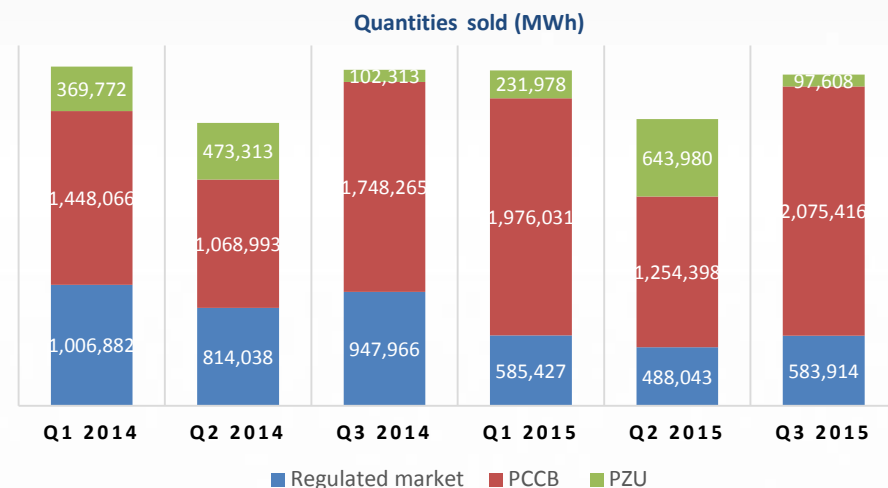
Main elements that influenced negatively the net result are income tax and depreciation due to assets that were put into function during Q4 2014 and 9M 2015.

Lowering power prices on PCCB affected the net result

- The quantity of energy sold on regulated contracts, on the competitive and balancing market is 7.936.795 MWh, above the sales planning of 7.881.574 MWh.
- 75% of the production was sold on PCCB in Q3 2015 compared to 62% in Q3 2014 (67% in 9M 2015 vs 53% in 9M 2014).
- Regulated tariff increased by 3% (change of regulated tariff starting July 2014) and spot prices by 40% while prices on PCCB market dropped by 6% in Q3 2015 vs Q3 2014.
- On average, compared to 9M 2014 prices on PCCB market decreased in 9M 2015 by 3,8% and by 0,5% on PZU market.
- 9M 2015 result was affected by Q2 sales being performed in higher proportion on PZU market at lower prices (20,6% drop in Q2 2015 compared to Q1 2015) following the intention expressed publicly by ANRE regarding the change of regional transport tariffs for electricity.

Quantities	2015 actual	2015 budgeted	Variation
Regulated market	1.657.384	1.657.384	0,00%
PCCB	5.305.845	5.539.664	-4,22%
PZU	973.566	684.526	42,22%
Total	7.936.795	7.881.574	0,70%

Sales structure and average prices



Sales of electricity slightly decreased by 0,5% compared to 9M 2014

Electricity sales evolution (RON'000)

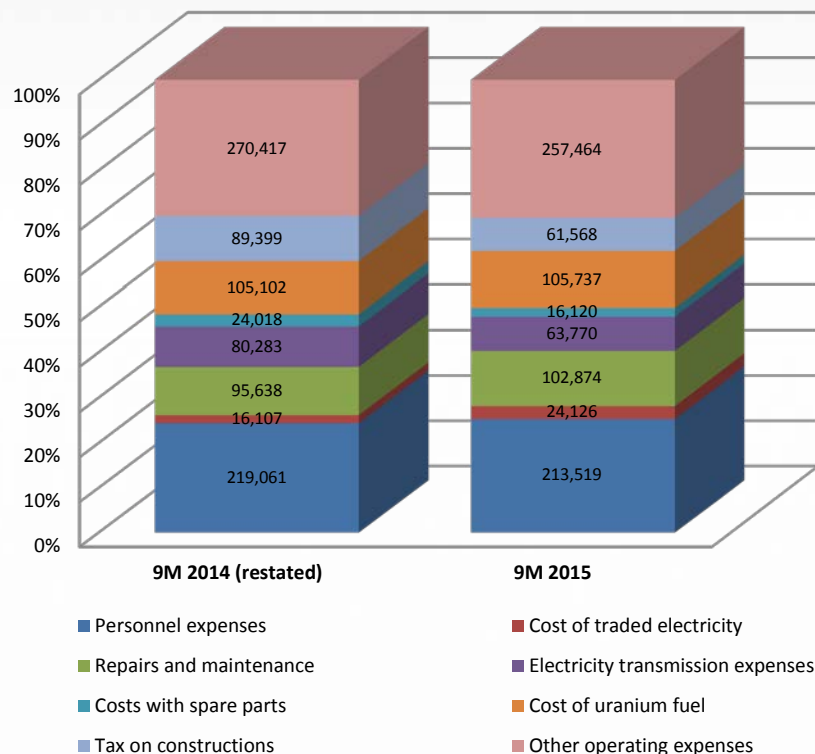


Even though quantities of sold energy remained fairly constant (-0,5% y/y), sales of electricity dropped mainly due to:

- lower quantities sold on regulated market (21% in 2015 vs 35% in 2014)
- drop in sales prices on PCCB market (-3,8% y/y)
- increase in sales prices on regulated market (+6,7% y/y) partially compensates the introduction of the tax on special constructions

OPEX decreased by 6,1% compared to 9M 2014 and 10,8% below budget

Operating expenses ('000 RON)



- **Personnel expenses** dropped by 2,5% due to the social security contribution decrease by 5 pp starting October 2014. The effect of this decrease was partially canceled by movements in the number of personnel in 9M 2015 and also by the fact that some employees have moved to a superior level of seniority and fidelity (according to collective labor agreement provisions) plus an amount representing in kind employee benefits reported under personnel expenses starting 2015 due to amendments of Order 1286/2012.
- **Cost of traded electricity and repairs and maintenance costs** increased in the 9M period of 2015 compared with 2014, due to the unplanned outages occurred in H1 2015 (nil in H1 2014). For covering contracted sales during these unplanned outages SNN purchased on the spot market a quantity of 45.065 MWh at an average price of 133,77 RON/MWh. Maintenance costs increased in Q3 2015 as a result of works required to prevent pressure problems that might have occurred due to high temperatures recorded.
- **Cost of uranium fuel:** The production increased by 10% in Q1 2015 to cover needs in April when the fuel factory has not been operating at full capacity. These costs reduced significantly in Q2 2015. The production of fuel bundles increased by 7,66% (y/y), in order to increase the level of safety stock.
- **Electricity transmission expenses:** the level of tax of transmission into the grid was 10,32 RON/MWh in H1 2015 and starting July 1st is 4,04 RON/MWh, compared with the 10,02 RON/MWh in H1 2014 and 10,32 RON starting July 2014.
- **Tax on special constructions and local taxes** was booked entirely in Q1 2015 versus equally split on each quarter as previously reported (figures for 9M 2014 were restated to reflect changes in accounting policies). The decrease is due to the change of percentage from 1,5% for the year 2014 to 1% for the year 2015.

Company operation

NPP specific costs for the nine period ended on September 30, 2015

Nuclear fuel costs
(RON 105m; 8,66% of
9M period sales)

- Units 1 & 2 use approximately 11.000 fuel bundles/year which contain about 19kg of natural (non-enriched) uranium each. SNN's Pitesti branch produces the required quantity.
- Up to the present the uranium dioxide powder used for fuel bundles was provided by the National Company of Uranium; uranium ore is mined in Romania.
- Starting from January 2007, the uranium acquisition contract should be approved in the European Commission through the Euratom Supply Agency.
- The current acquisition price of the uranium RON 475/Kg.

Maintenance & repairs costs
(RON 102 m; 8,43% of
9M period sales)

- General Electric performs the repairs of the turbo-generator during the planned outages; Babcock & Willcox performs tests and inspection of the Steam Generators, Lavalin-Candu Energy performs the service inspection of the reactor's fuel channels and feeders.
- ANDR (National Agency) is responsible for both the decommissioning process of the units at the end of their useful lives and for the permanent storage (disposal) of the radioactive waste.
- In accordance with the legislation, SNN is required to make two types of contribution to ANDR during the entire useful life of the two units:

Decommissioning costs
(RON 69m; 5,63% of
9M period sales)

- - EUR 0,6/MWh of net electricity produced and delivered into the electricity system - contribution for decommissioning for each unit and
- - EUR 1,4/MWh of net electricity produced and delivered into the electricity system - contribution for permanent storage(disposal) of radioactive waste.

Q3 2015 Income statement

Profit & Loss account

RON'000	9M ended 30.09.2015	9M ended 30.09.2014 (restated)	Variation 9M	3M ended 30.09.2015	3M ended 30.09.2014 (restated)	Variation 3M	Budget 9M 2015	Variation vs Budget
Revenues								
Sales of electricity	1.219.931	1.226.012	-0,5%	428.139	442.919	-3,3%	1.225.543	-0,5%
Electricity transmission revenues	63.770	80.283	-20,6%	11.113	28.729	-61,3%	62.205	2,5%
Total revenues	1.283.701	1.306.295	-1,7%	439.252	471.647	-6,9%	1.287.748	-0,3%
Other income	21.196	15.332	38,3%	7.254	(3.960)	283,2%	26.551	-20,2%
Operating expenses								
Personnel expenses	(213.519)	(219.061)	-2,5%	(74.118)	(77.837)	-4,8%	(222.341)	-4,0%
Cost of traded electricity	(24.126)	(16.107)	49,8%	(4.902)	(5.186)	-5,5%	(49.758)	-51,5%
Repairs and maintenance	(102.874)	(95.638)	7,6%	(22.667)	(20.044)	13,1%	(118.621)	-13,3%
Electricity transmission expenses	(63.770)	(80.283)	-20,6%	(11.113)	(28.729)	-61,3%	(62.205)	2,5%
Costs with spare parts	(16.120)	(24.018)	-32,9%	(2.206)	(2.643)	-16,5%	(26.222)	-38,5%
Cost of uranium fuel	(105.737)	(105.102)	0,6%	(35.911)	(36.730)	-2,2%	(100.294)	5,4%
Other operating expenses	(319.032)	(359.816)	-11,3%	(84.784)	(79.640)	6,5%	(367.674)	-13,2%
Total operating expenses	(845.178)	(900.025)	-6,1%	(235.700)	(250.809)	-6,0%	(947.115)	-10,8%
EBITDA	459.719	421.602	9,0%	210.806	216.879	-2,8%	367.184	25,2%
Depreciation and amortisation	(352.396)	(336.140)	4,8%	(118.554)	(113.681)	4,3%	(352.400)	0,0%
EBIT	107.324	85.462	25,6%	92.252	103.198	-10,6%	14.784	625,9%
Finance costs	(80.746)	(77.988)	3,5%	(14.168)	(41.896)	-66,2%	(86.327)	-6,5%
Finance income	133.531	86.942	53,6%	71.656	8.137	780,6%	110.094	21,3%
Income tax charge, net	(28.919)	(17.126)	68,9%	(21.452)	(7.595)	182,5%	(12.769)	126,5%
Net profit	131.189	77.291	69,7%	128.287	61.844	107,4%	25.782	408,8%

Q3 2015 Financial position

Individual Financial Statements - Financial Position

RON'000	30-Sep-15	31-Dec-14	Variation
Total non-current assets	7.757.495	8.025.828	-3,3%
Inventories	404.036	397.665	1,6%
Trade and other receivables	171.214	258.665	-33,8%
Cash and cash equivalents (incl. deposits)	1.310.340	1.183.741	10,7%
Total current assets	1.885.590	1.840.072	2,5%
Total assets	9.643.085	9.865.900	-2,3%
Share capital and premium	3.239.187	3.044.804	6,4%
Prepaid share reserve	24.482	217.821	-88,8%
Revaluation reserve	295.969	313.405	-5,6%
Retained earnings	3.970.460	3.912.225	1,5%
Total shareholder's equity	7.530.098	7.488.255	0,6%
Long term borrowings	1.322.671	1.496.192	-11,6%
Other non-current liabilities	385.936	403.002	-4,2%
Total non-current liabilities	1.708.607	1.899.194	-10,0%
Accounts payable and other liabilities	205.167	273.771	-25,1%
Current portion of long term borrowings	199.212	204.680	-2,7%
Total current liabilities	404.379	478.452	-15,5%
Total liabilities	2.112.987	2.377.645	-11,1%
Total equity and liabilities	9.643.085	9.865.900	-2,3%

Total current assets

- The decrease in receivables is due to the reduction in value of other receivables, as a result of full collection of the rescheduled penalties of Hidroelectrica, according to the agreed rescheduling plan, VAT reimbursements and commercial terms and conditions.
- Cash and cash equivalents increased by 11% compared to the level as at 31.12.2014, based on the VAT reimbursements (118.467k RON), on the receivables collection during the period and dividends paid for the year 2014 amounting 90.336k RON.

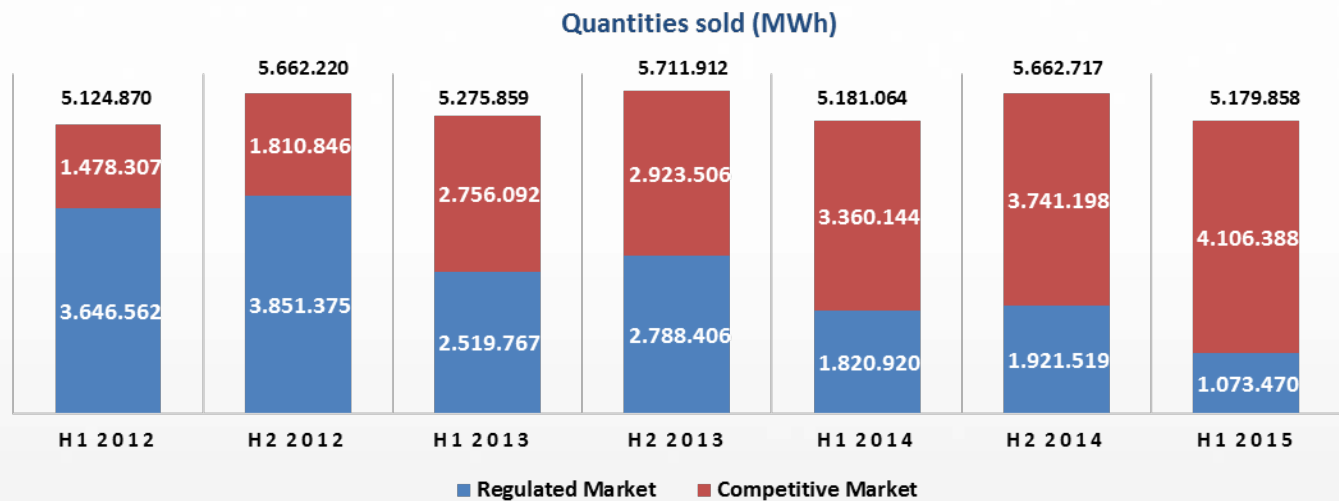
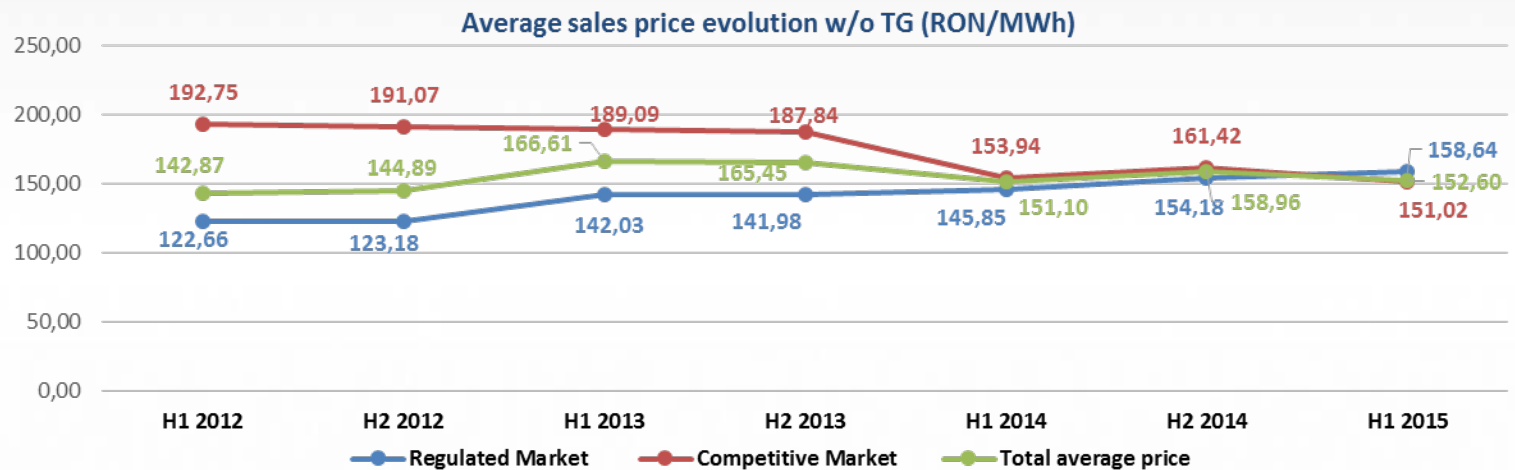
Equity

- In March 2015 the Trade Register issued the registration certificate regarding the share capital increase with 194 mil RON, representing cash contribution of the Romanian State, namely the amount of budget allocations in the period 2006-2009 for the completion of the Cernavoda NPP's Unit 2. The amount was transferred from Prepaid share reserve.

Non- current and current liabilities

- Accounts payable and other liabilities decreased compared with 31.12.2014 due to the payments of the suppliers (-39%) and decrease in outstanding liabilities related to salaries and contributions.
- Decrease of long term borrowings due to repayment of loans.

Sales structure and average prices 2012 -2015



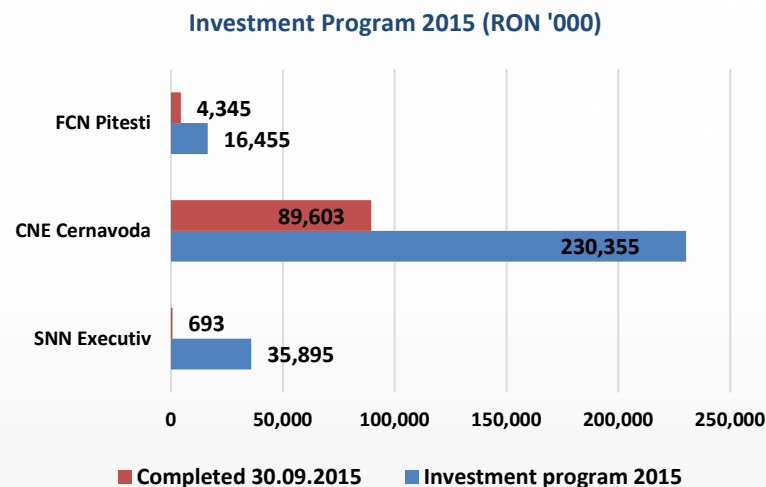
CAPEX

Key investments projects 2015

Project code	Investment project	Budgeted 2015	Completion 30.09.2015	RON '000
				Completion stage as at 30.09.2015 %
PJ-05-016	Intermediate Dry Spent Fuel Storage Facility (including Spent Fuel Loading Station U #2)	9.411	5.514	58,6%
PJ-04-001	Upgrading and expansion of the physical protection system	15.040	4.117	27,4%
PJ-11-006	Improvement of Cernavoda NPP's response/nuclear safety functions in case of events beyond design basis following the Fukushima 1 nuclear accident, Japan	44.795	4.988	11,1%
	Total	69.246	14.619	21,1%

CAPEX

- Total value of investment program of SNN for 2015 is of RON 282,7m, out of which CNE Cernavoda investment plan represents 81% and FCN Pitesti investment plan 6% of total value.
- The total completion stage for SNN investment program, as at 30 Sept 2015 is of 33,5%.



Cernavoda NPP Units 3 and 4

Status update

- Strategy for the continuation of the Cernavoda NPP Units 3 and 4 was approved by SNN GMS on August 22, 2014
- The strategy envisages the set up of Joint-venture between SNN and the Selected Investor, in which the SI owns at least 51% of the share capital. The JV is a forerunner of an Independent Energy Producer.
- China General Nuclear Power Corporation was declared Qualified Investor on September 8, 2014.
- On October 15, 2014, following the analysis of the Documentation of Intent, China General Nuclear Power Corporation was declared Selected Investor and the Joint Letter on the Intention to complete the project was signed.
- The Memorandum of Understanding regarding the joint implementation of the project was approved by the Romanian Government on September 2, 2015 and it was be subject to GMS approval on October 22, 2015.
- The MoU was signed by SNN and CGN on November 9, 2015.
- The MoU establishes the main directions in the developing of the project: negotiation of the Investors Agreement and Articles of Incorporation of the JV, establishment of the corporate governance of the JV, finance structuring for the development of the Project.
- SNN main objective in the project: in kind share capital contribution with existing assets, long-term O&M contract to operate Units 3&4 and long-term contract to supply the nuclear fuel.
- Scope for yield generation of non-used assets plus additional income stream from operation of the 2 nuclear units and fuel manufacturing and supply

Share capital increase with contribution in kind

- Following EGMS Resolution no.2/29.04.2015 and BoD Decision no. 9455/11.08.2015, SNN will increase its share capital through contribution in kind in total amount of 3.550.110 RON, from the current value of 3.012.210.410 RON to 3.015.760.520 RON, by issuing a maximum number of 355.011 new , nominative, dematerialized shares at a price of 10 RON/share, equal to the nominal value (without emission premium) out of which:
 - 1) 292.810 new shares in amount of 2.928.100 RON, representing the contribution in kind of the Romanian State through the Ministry of Energy, Medium and Small Enterprises and Business, following the issuance of the Land Ownership Certificate no. 12900, series M03, issued by the Ministry of Economy for the undivided land quota of 239,05 sqm located in 33 Gheorghe Magheru Av., Bucharest and of the Land Ownership Certificate no. 9462/04.02.2005, series M03, issued by the Ministry of Economy for the “Guard House and Access Road’ land, located in Saligny, Constanta County.
The value of the two lands was updated with the inflation index in compliance with the stipulations of art. 6, paragraph 3 of GD no. 834/1991 corroborated with art. 143 of GD no. 577/2002
 - 2) Maximum 62.201 new shares in amount of 622.010 RON will be provided, within the pre-emptive rights, for subscription to the remaining shareholders, namely the persons that have the quality of shareholders on the August 28, 2015 (registration date).
- Subscription rate is 0,00117856

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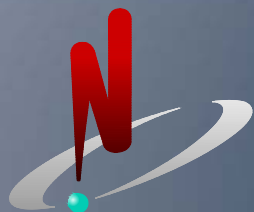
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