



Report date: 12 August 2016

Name of the issuing entity: Societatea Nationala NUCLEARELECTRICA S.A.

Registered office: 65, Polona street, District 1, Bucharest

Phone/fax number: 021-203.82.00 / 021 – 316.94.00

Sole Registration Code with the Trade Register Office: 10874881

Order number in the Trade Register: J40/7403/1998

Subscribed and paid share capital: RON 3.015.138.510 Lei

Regulated market on which the issued securities are traded: Bucharest Stock Exchange

To: Bucharest Stock Exchange

Financial Supervisory Authority

Ref: Current Report in compliance with the provisions of art. 227, paragraph (1) of the Law no. 297/2004 and the Regulation No. 1/2006 of the Romanian National Securities Commission regarding the issuers and securities operations, as subsequently amended

Important event to be reported:

Availability of the Half-year report for the period 1 January 2016 – 30 June 2016

Societatea Nationala Nuclearelectrica S.A. (“SNN”) informs its shareholders and investors regarding the publication of the Half-year report for the period 1 January 2016 – 30 June 2016, prepared in compliance with the provisions of the Law no. 297/2004, art. 227 and of Appendix no. 31 to the CNVM Regulation no. 1/2006

The Half-year report includes:

- The main events in the activity of the company during the reporting period;
- The Individual Interim Condensed Financial Statements as at and for the period of 6 months ended on 30 June 2016 accompanied by the Revision Report of the independent auditor;
- The Condensed Consolidated Financial Statements as at and for the period of 6 months ended on 30 June 2016 accompanied by the Revision Report of the independent auditor;
- The Half-Year report for the Board of Directors on the administration activity for the period 1 January – 30 June 2016.

Societatea Nationala NUCLEARELECTRICA S.A.

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Nr. ordine Registrul Comertului: J40/7403/1998, Cod unic de inregistrare: 10874881,

Capital social subscris si varsat: 3.015.138.510 Lei

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I. Financial performance

| Thousand LEI | January 1 – June 30, 2016 | January 1 – June 30, 2015 | Variation | 01.04.16- 30.04.16 | 01.04.15- 30.06.15 | Variation |
|---------------------------------------|------------------------------|---------------------------------|-------------|-----------------------|-----------------------|-------------|
| Production (GWh) | 4.804 | 5.103 | -6% | 2.001 | 2.341 | -15% |
| Operating revenues, out of which | 742.247 | 858.391 | -14% | 287.812 | 371.961 | -23% |
| <i>Revenues from electricity sale</i> | 722.589 | 790.435 | -9% | 277.147 | 351.202 | -21% |
| Operating expenses | (530.526) | (609.478) | -13% | (271.124) | (283.312) | -4% |
| EBITDA | 211.721 | 248.913 | -15% | 16.688 | 88.648 | -81% |
| Depreciation and amortization | (238.405) | (233.841) | 2% | (119.349) | (117.800) | 1% |
| EBIT | (26.684) | 15.072 | N/A | (102.661) | (29.151) | 252% |
| Net financial expenses | (13.485) | (4.703) | 187% | (23.785) | (12.758) | 86% |
| Expense with the income tax | 2.330 | (7.467) | N/A | 21.746 | 9.376 | 132% |
| (Net loss)/Net Profit | (37.839) | 2.902 | N/A | (104.700) | (32.533) | 222% |

**) extract from the individual interim condensed financial statements as at and for the period of 6 months ended at 30 June 2016*

During the period concluded at 30.06.2016, SNN registered a net loss of RON 37.839 thousand, as an effect of the following factors:

1. The extension of the duration of the planned outage of Cernavoda NPP Unit 1

The revenues from the sale of electricity decreased by 9%, mainly due to the extended planned outage of Cernavoda NPP Unit 1 in the second quarter of 2016, outage that lasted an effective period of 51 days compared to the average normal shutdown period of 30 days, which led to a decrease in the sold energy quantity of 7.09% (aprox. 367 GWh). Virtually, the planned outage that took place in 2016 was as twice as long as the one in 2015, which lasted 24,8 days.

SNN has announced since 2015 that Unit 1 of Cernavoda NPP will enter an extended planned outage program, which involved additional maintenance works on the steam generator, works which are performed only once during the entire initial life span of a nuclear unit (30 years).

The decision to perform these additional works during the planned outage of Unit 1 in the second quarter of 2016 was made on the basis of a technical and economic analysis, which firstly considered the medium and long term advantages associated to the extended outage duration consisting in the reduction of the risk of Unit 1 production decrease due to the reduction of the thermal circuit efficiency associated with the magnetite deposits. Thus, SNN's management considered the improvement of the efficiency of the thermal circuit to be a priority, with a direct impact on the stability of the energy production of Unit 1 and the avoidance of a reduction in capacity factor with the consequence of an estimated increase in production of about 1.5 – 2% compared to the forecasted level in the absence of this significant work.

The negative forecasts regarding the operational activity in the first semester of 2016 were anticipated and budgeted accordingly since 2015 for 2016, the Board of Directors and the executive management assuming a result beneath the similar level of the previous year but with benefits on the medium and long term.

The extended planned outage of Unit 1 could have been scheduled after 2016, respectively during the planned outage of Unit 1 in 2018 but the benefits associated with the investment would have been diminished compared to the execution of the works in 2016.

The impact of the sold energy quantity decrease caused by the extension of the planned outage and considering the additional cost of nuclear fuel which would have been necessary for the additional energy

production is in the estimated amount of RON 52.000 thousand representing unattained operational profit; this notional estimation considers that all other conditions are unchanged.

During the planned outage of Unit 1, the scheduled works were carried out successfully, on time and within the allocated budget.

2. Revenues from the sale of energy and the evolution of prices on the competitive market segment

The energy quantities sold in the first semester of 2016 and the related revenues, by types of sale contracts, are presented in the table below:

Electricity sales (amounts, prices and values) in semester I 2016

| Sales by contract type | Quantity in MWh | % of total sales | Price (RON/MWh T _G included) | Sale revenues (lei) |
|--|------------------|------------------|---|---------------------|
| Regulated contracts | 866.471 | 17,96% | 166,78 | 144.513.039 |
| Sales on free market (bilateral contracts and sales on PZU and PI) out of which: | 3.945.943 | 81,77% | 151,30 | 597.022.968 |
| - sales on contracts (CMBC , CMBC -LE, CMBC - NC and supply contracts) | 2.404.298 | 49,82% | 166,87 | 401.194.625 |
| - sales on PZU and PI | 1.541.645 | 31,95% | 127,03 | 195.828.343 |
| PRE positive imbalances | 13.292 | 0,27% | | 468.248 |
| Total sales first half of 2016 | 4.825.706 | 100% | 154,09* | 742.004.256 |

* average weighted price for the energy quantities sold, excluding the balancing market

In the first semester of 2016, the energy sold on regulated contracts, on the competitive market and on the balancing market is in amount of 4.825.706 MWh, with 1,4% above the sales program, of 4.757.434 MWh.

The revenues on the energy market related to the deliveries in the first 6 months of 2016 are in amount of RON 742.004.256 (with only 3.04% lower than the revenues provided in the approved Budget for 2016 divided by quarters and with 11,99% lower than the results achieved in the same period of the previous year).

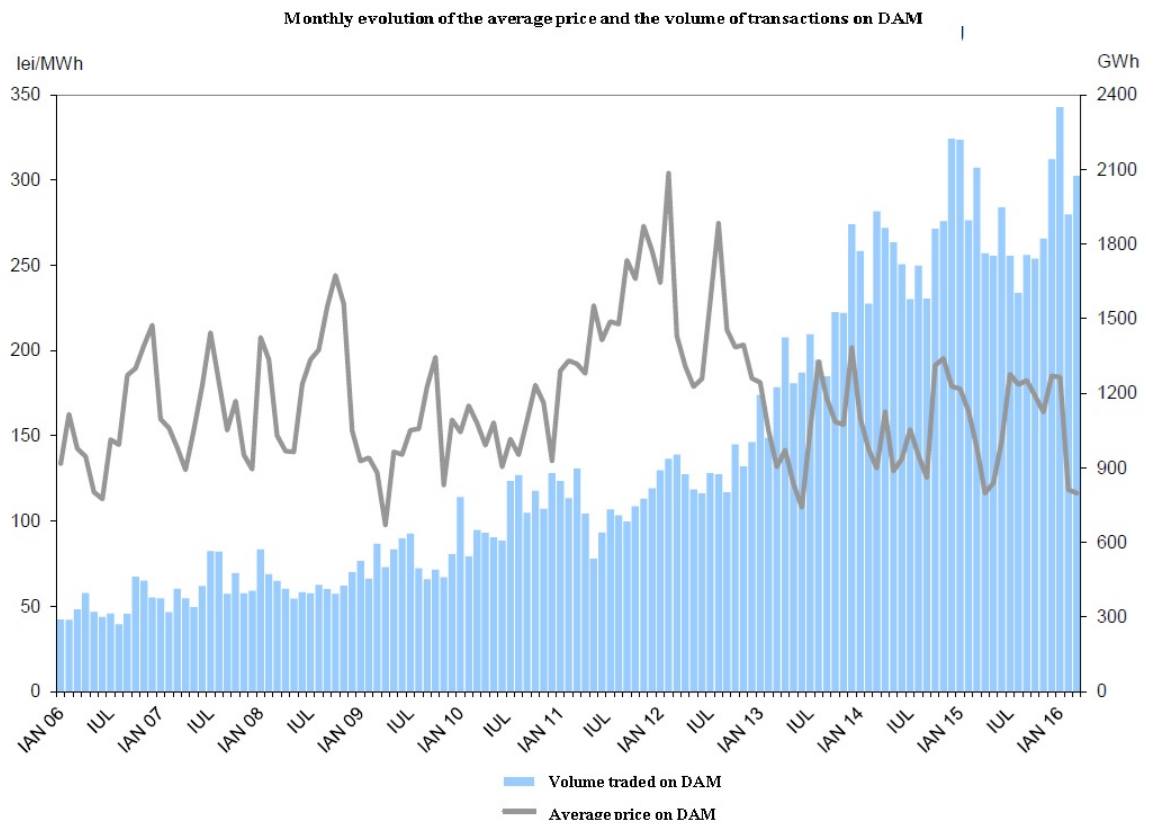
The average weighted sale price, for the sold energy quantities (without the balancing market), resulted in the first semester of 2016 is in amount of RON 154.09/MWh (T_G included). In the first semester of 2015, the average weighted sale price was in amount of RON 162.70/MWh (T_G included). The decrease in the T_G value with RON 6,28/MWh in the first semester, compared to the previous year, namely RON 4.04/MWh compared to RON 10.32/MWh contributes to this difference. Thus, the difference between the average weighted sale price in the first semester of 2016 compared to the first semester of 2015, adjusted with the decrease in the T_G, is of only RON 2.33/MWh.

Similar to previous years, the descending trend of the prices on the competitive market continued, the energy price on this market segment being similar to the price achieved by SNN on the regulated market. The gradual decrease of the price on the market segment on which SNN sells most of its production has a significant negative impact on sales revenues.

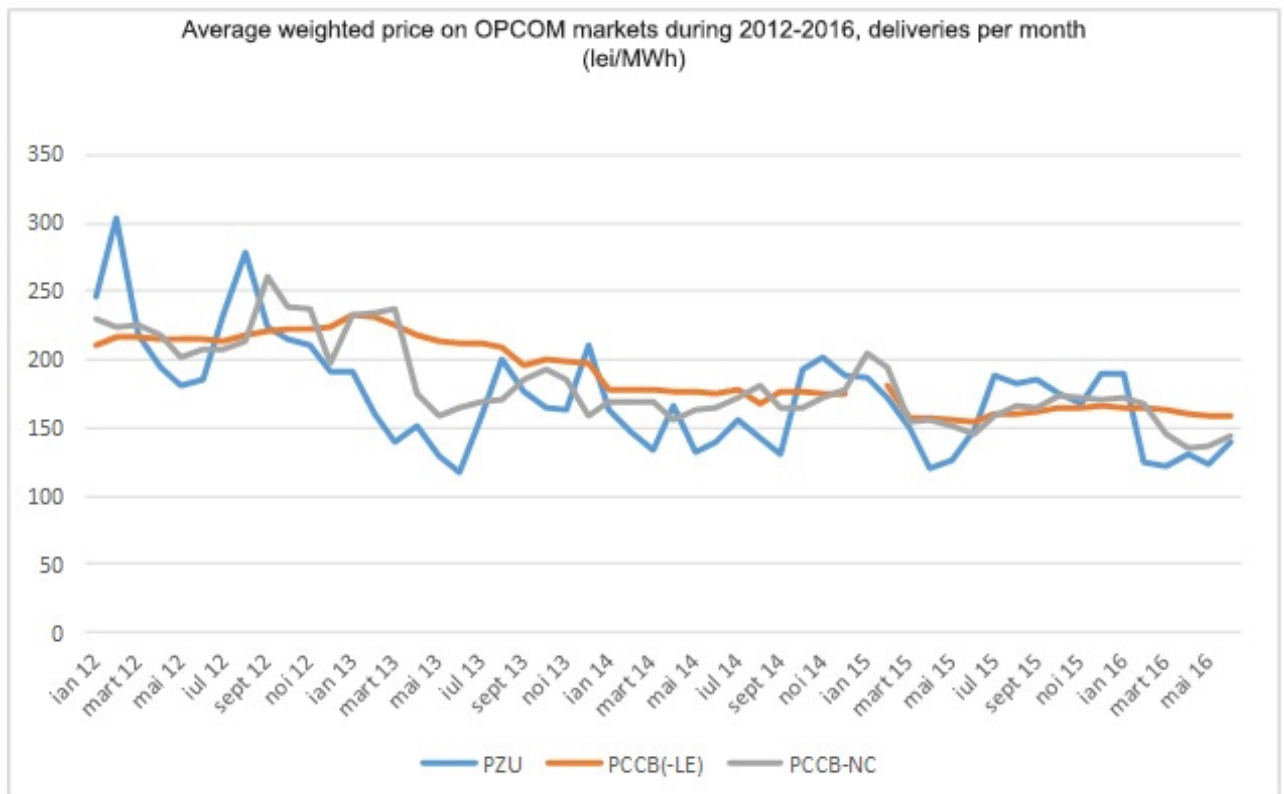
Moreover, the low appetite of traders to enter medium and long term agreements concluded on OPCOM platform, due to the volatility of the price and the lack of predictability, determined an increase of the importance of the spot market segment. As a consequence, SNN's sales share on the DAM market increased reaching 31.95% in the first semester of 2016, compared to only 16.83% in the first semester of 2015. The DAM market is characterized by price and offers volatility, and the decreasing trend of the price influences

the price and duration of the contracts on non-spot contracts centralized platforms.

The evolution of the market prices is reflected in the figures below.



Source: Monthly reporting of OPCOM and CNEE Transelectrica



3. The negative influence of the net differences in currency exchange rates

The company is exposed to currency risk in relation to several currencies among which EUR, CAD and USD based on the credit contract for the completion of the construction of Cernavoda NPP Unit 2. The net currency exchange rate differences had a negative impact on the company's net result in the two periods, the financial loss registering a significant increase of 187% compared to the first semester of 2015.

Perspectives for the financial year 2016

Considering the execution of the revenues and expenses budget for the first semester of 2016, corroborated with the substantiating elements of the revenues and expenses budget considered for 2016, we estimate that the operational profit targets can be achieved accordingly. An element of uncertainty related to the net financial result is the financial result which is significantly influenced by the fluctuations of the EUR, CAD and USD currencies.

II. Financial position

| Thousand Lei | June 30, 2016 | December 31, 2015 | Variation |
|---|------------------|-------------------|------------|
| Non-current assets | 7.519.182 | 7.696.228 | -2% |
| Current assets | 1.826.268 | 1.861.187 | -2% |
| Total assets | 9.345.450 | 9.557.415 | -2% |
| Non-current liabilities | 1.537.904 | 1.642.689 | -6% |
| Current liabilities | 451.734 | 421.003 | 7% |
| Total liabilities | 1.989.638 | 2.063.692 | -4% |
| Shareholders' equity | 7.355.812 | 7.493.723 | -2% |
| Total shareholders' equity and liabilities | 9.345.450 | 9.557.415 | -2% |

Non-current Assets withheld at a similar level compared to the level recorded at 31.12.2015. The investments made during the period primarily for the projects in progress related to Units 1 and 2, partially offset the expenses for depreciation. Thus, there is a 2% decrease of the non-current assets net value.

Current Assets decreased by 2% compared to 31.12.2015, mainly due to lower trade receivables and other receivables by 43%, partially offset by both the cash flow increase by 1% and the admission of the income tax to be recovered amounting to RON 19,902 thousand.

Non-current Liabilities decreased by payments of the loans contracted with the foreign banks Societe Generale and Euratom for the completion and commissioning of Cernavoda NPP Unit 2.

Current Liabilities decreased by 7% due to the trade payables and other payables increase by 16%, the fixed assets suppliers recording an increase by 126% due to the works performed upon the planned outage of Unit 1.

III. The Investment program as at 30.06.2016

The total value of SNN's investment program for 2016 is in amount of RON 255.394 thousand, as endorsed by the decision of the BoD no. 10/03.02.2016 and approved by the Resolution of the Ordinary General Meeting of Shareholders no. 1/30.03.2016. The investment program of the company is an integrated part of the Revenues and Expenses Budget of SNN.

The structure of SNN's investment program for 2016 as well as the degree of completion at 30.06.2016 are presented in the table below:

| Ongoing investment [thousand lei] | New investment [thousand lei] | The investment in current assets (modernization) [thousand lei] | Debt [thousand lei] | Total [thousand lei] | Completion degree as at 30.06.2016 (%) |
|-----------------------------------|-------------------------------|---|---------------------|----------------------|--|
| 177.844 | 18.625 | 6.877 | 52.049 | 255.394 | 30,4% |

As in the previous years, long term investment projects (on going) have the largest share in the investment program. This is due to the modernization/refurbishment necessities for certain systems, in terms of economical arguments (specific cost reductions, improvement of specific parameters of the related processes, with positive impact on efficiency), legal arguments – the need to implement safety, environment protection and labor security related improvements, representing legal requirements of the regulation authorities in the nuclear field (CNCAN and the Ministry of Environment), as well as in order to comply to the development needs of the energy sector in Romania.

Investments in the continuous maintaining and improvement of the nuclear safety level, in compliance with the latest international norms and standards, are a constant priority of SNN, an optimum level of nuclear safety being the warranty of all the company's processes and results.

The compared status of the investment achievements for the first semester of 2016 and the first semester of 2015 highlights a completion degree at 30.06.2016 with 10% above the level in the previous period of last year, which signifies the correlation between investment objectives and the compliance with the established timelines and budget.

| Year | Value of the investment program [thousand lei] | Completed in the second quarter (April-June) [thousand lei] | Completion degree second quarter (April-June) (%) | Completed in the first semester [thousand lei] | Completion degree First semester (%) |
|------|--|---|---|--|--------------------------------------|
| 2016 | 255.394 | 50.854 | 19,9% | 77.524 | 30,4% |
| 2015 | 282.705 | 24.239 | 8,6% | 58.077 | 20,5% |

In the first semester of 2016, in compliance with the provisions of the Memorandum of Understanding for the construction of Cernavoda NPP Units 3 and 4, the involved parties, SNN and CGN continued the negotiation process on the Investors Agreement and the Articles of Incorporation of the new project company. This represents the fourth and final phase of the private investor selection procedure publically launched in the second quarter of 2014.

IV. Degree of accomplishment of the performance indicators at 30.06.2016 – Board of Directors

The performance indicators were calculated on the basis of SNN's Revenues and Expenses Budget, of the interim financial statements and of the operational reports as well as on the basis of the updated appendixes to the administration contracts concluded between the administrators and the company, comprising the performance criteria and indicators for 2016.

The accomplishment degree of the overall performance indicator for the first semester of 2016 is of 68.15% correlated with the determining factors of the financial result for the first six months of 2016 and with the decision of the Board of Directors to prioritize the investments with long term positive impact.

Thus, the degree of accomplishment of the main performance indicators which contributed to this result are:

- Annual turnover (cumulated since the beginning of the year) – 96.94%
- Annual operating result (cumulated since the beginning of the year) – 0.00%
- Execution of the annual value of the investment plan cumulated since the beginning of the year (as per Chart 28 and the annual budgets) – 22.22%

The main causes for the below target level completion degree of the major investment objectives are: delays in the procurement procedures, delays in obtaining necessary permits/agreements/authorizations, delays caused by legislation changes in the procurement field.

The management is confident that the performance indicators of the management will be achieved as per the targets established at the beginning of the financial year.

The financial statements and the information related to the activity of the company during 1 January – 30 June 2016 are presented in the pdf document attached to the current report. Also, the report can be accessed on the company's website (www.nuclearelectrica.ro), "Investors Relations section/ 2016 financial statements". For any additional details please contact us at: investor.relations@nuclearelectrica.ro

Daniela Lulache
CEO