



QUARTERLY REPORT

regarding the economic and financial activity of S.N. Nuclearelectrica S.A. according to the provisions of the Art. 227 from Law no. 297/2004 on capital market and of the Annex no. 30 to the CNVM Regulation no. 1/2006 regarding the issuers and operations securities for the 3rd quarter of the financial year 2016

Report according to:	Art. 227 from Law no. 297/2004 on capital market and the Annex no.30 to the CNVM Regulation no. 1/2006 for the third quarter of the financial year 2016
Date of Report:	7 th of November 2016
Company name:	S.N. Nuclearelectrica S.A.
Registered office:	Bucharest, 65, Polona Street, district 1
Phone/ fax number:	+40 21 203 82 00; +40 21 316 94 00
Web/ Email:	www.nuclearelectrica.ro ; office@nuclearelectrica.ro
Sole Registration code with the Trade Register Office.:	10874881
Order number in the Trade Register:	J40/7403/1998
Subscribed and paid up share capital:	3.015.138.510 RON
The regulated market on which the issued securities are traded:	Bucharest Stock Exchange (www.bvb.ro), Premium category
The main characteristics of the issued securities:	301.513.851 shares with nominal value of 10 RON/share, dematerialized, nominative, ordinary, indivisible, providing equal voting rights, freely tradable on Bucharest Stock Exchange under SNN symbol starting November 4 th 2013
Applicable Accounting Standards:	International Financial Reporting Standards (IFRS) adopted by the European Union (EU) – IFRS-EU, International Accounting Standard 34 –“Interim Financial Reporting”, condensed unaudited individual interim financial statements
Reporting Currency:	Romanian Leu (RON) – all amounts are in RON, unless stated otherwise
Reported Period:	Third quarter of 2016

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1. FINANCIAL STATEMENTS

a) Statement of the financial position

Indicator (thousands RON)	30.09.2016 (unaudited)	31.12.2015 (audited)
Non-current assets	7.418.999	7.696.228
Current assets	1.885.505	1.861.187
Total Assets	9.304.504	9.557.415
Equity	7.458.194	7.493.723
Total liabilities, out of which:	1.846.309	2.063.691
Non-current liabilities	1.470.536	1.642.689
Current liabilities	375.773	421.002
Total Equity and Liabilities	9.304.504	9.557.415

b) Income Statement and Statement of comprehensive income for 9 months period ended on September 30th, 2016

Indicator (thousand RON)	3 months period ended September 30, 2016 (unaudited)	3 months period ended September 30, 2015 (unaudited)	9 months period ended September 30, 2016 (unaudited)	9 months period ended September 30, 2015 (unaudited)
Operating revenues	452.196	446.506	1.194.443	1.304.898
Operating expenses	(361.339)	(354.255)	(1.130.270)	(1.197.574)
Operating Profit	90.857	92.251	64.173	107.324
Finance income	35.125	71.656	83.694	133.531
Finance expenses	(6.105)	(14.168)	(68.160)	(80.746)
Net finance income	29.020	57.488	15.535	52.784
Profit before income tax	119.877	149.739	79.708	160.108
Net income tax expenses	(17.495)	(21.452)	(15.165)	(28.919)
Profit for the period	102.382	128.287	64.543	131.189
Other elements of the comprehensive income	-	-	(572)	-
Total comprehensive income	102.382	128.287	63.971	131.189

2. SIGNIFICANT EVENTS

2.1. Significant Events During the 3rd quarter of 2016

Other significant events during the corresponding nine months period of 2016, which were not already presented in the first semester of 2016 are as follows:

a) Resolution of the General Meetings of the Shareholders

By the **Decision no. 5/18.07.2016 of the Ordinary General Meeting of the Shareholders** the „Long-term strategy for the development of the Intermediate Storage for Burnt fuel (DICA) in dry state and the authorization for the extending the life period of the Units 1 and 2 harmonized with the observations from CNCAN and Ministry of Environment and Climate Changes” was approved.

The commissioning of Nuclear-electrical Power Plant from CNE Cernavoda determined the need to build and put in function the Intermediate Storage for Burnt Fuel (DICA), for the intermediate storage of irradiated burnt fuel from the reactor. In 2013 the “Long-term strategy for the development of the Intermediate Storage for Burnt Fuel (DICA) in dry state and the authorization for extending the life period of Units 1 and 2” was drafted, consisting in building 27 MACSTOR 200 storage modules.

Following the request of Ministry of Environment and Climate Changes to approach in a unitary vision the entire site from Cernavoda, in October 2014, the revision 3 was issued, “DICA revised strategy”. The solution on which it is based the new approach is to make use of the site for DICA more efficiently, by changing the previous project and building, in addition to the 7 MACSTOR 200 already existing modules, operational in 2016, of another 2 MACSTOR 200 type modules and continuing to build, starting with module 10, another 21 modules MACSTOR 400 type, with a double storage capacity.

By the **Decision no. 6/18.07.2016 of the Extraordinary General Meeting of the Shareholders** it was approved:

- To continue negotiations on the Investment Documents under the same conditions established in the Memorandum of Understanding regarding the development, building, operating and decommissioning of Units 3 and 4 from CNE Cernavoda („MoU”) for a period of 4 months, starting May 9th, 2016, by applying all the other provisions of the Memorandum of Understanding, including the possibility of either party to terminate the Memorandum of Understanding without any compensation by a simple written notification to the other Party, in case an agreement wasn't reached on the Investment Documents and as the delay was not caused by the respective Party.
- The DICA Investment Project („Intermediate Storage of Burnt Fuel”) updated based on the „Update of the DICA Feasibility Study revision 1”, which involves building, in addition to the 7 existing MACSTOR 200 type storage modules, operational since 2016, of another MACSTOR 200 type modules and the ongoing performance, starting module 10, of 21 MACSTOR 400 type modules, with a double storage capacity.

b) The approval of regional tariffs corresponding to the transportation service for introducing the electrical energy in the network (TG)

Starting July 2016 the TG tariff was decreased for Dobrogea region by 2,7 RON/MWh, following the ANRE Order no. 27/2016; thus, the TG tariff for Dobrogea region (less renewables) was established at 1,34 RON/MWh, decreased from 4,04 RON/MWh.

This decrease determined a drop by 66,8% of the transportation service expenses invoiced by CNTEE Transelectrica starting July 1st 2016.

Based on the ANRE Order no. 33/2016, the new tariff leads, for those contracts concluded before 1 July 2016, to a decrease in sales price on competitive contracts with 2,7 RON/MWh, starting 25 July 2016, when the ANRE Order no. 33/2016 entered into force; ANRE Order no. 33/2016 establishes the obligation to modify the sales price for the contracts concluded before the date of entering in force of ANRE Order no. 27/2016 (1 July 2016), through addendum to the contracts that reflects the decrease of the regulated transportation tariff TG starting 25 July 2016.

c) The acquisition of uranium dioxide sintered powder and related services

On July 4th, 2016, Cameco was appointed the winner of the acquisition procedure of 120 tons of natural uranium in sintering UO₂ powder, with the lowest price, respectively 429,47 RON/kg U in UO₂ (the equivalent in RON of the USD price). For the acquisition of the uranium powder, two bids were received, from Cameco and respectively CNU, the price given by Cameco being significantly lower than the price given by CNU.

CNU was appointed the winner of the acquisition procedure for processing services for nonconforming materials containing natural uranium for the purpose of recovering the uranium as sintered UO₂ powder, according to the specifications from the descriptive documentation.

2.2. Subsequent Events to September 30, 2016

a) Litigations with the shareholder Fondul Proprietatea S.A.

Fondul Proprietatea S.A. filed with the Bucharest Court the action for annulment of the General Extraordinary Meeting of Shareholders Decision no. 8/6.10.2014 by which it was decided the increase of the share capital of SNN by cash contribution in the total maximum amount of 239.172.630 RON, by issuing a maximum number of 23.917.263 new shares, at a price of 10 RON/share. The request is the object of the file no. 40046/3/2014, registered on the dockets of Bucharest Court.

The Court ruled a new trial term for the file to be 14.11.2016.

b) Decisions of the General Meeting of Shareholders

By the **Decision no. 8/17.10.2016 of the General Meeting of Shareholders** it was approved to continue negotiations on the Investment Documents under the same conditions established in the Memorandum of Understanding regarding the development, building, operating and decommissioning Units 3 and 4 from CNE Cernavoda („MoU”) up to 20th of December 2016 by applying all the other provisions of the Memorandum of Understanding, including the possibility of either party to terminate the Memorandum of Understanding without any compensation by a simple written notification to the other Party, in case an agreement wasn't reached on the Investment Documents and as the delay was not caused by the respective Party.

3. ECONOMIC FINANCIAL INDICATORS

The Company performance is reflected in the achievement of the key economic financial indicators, as follows:

Name of the Indicator ^{**)}	Mode of calculation	m.u.	30.09.2016
1. The current liquidity ratio	Current assets/ Current liabilities	x	5.02
2. Gearing ratio			
2.1. Gearing ratio (1)	Long term liabilities/ Shareholder's equity x 100	%	18.03%
2.1. Gearing ratio (2)	Long term liabilities / Capital employed x 100	%	15.27%
3. Receivables turnover	Average accounts receivable/ Turnover x 270	days	24
4. Non-current assets turnover *)	Turnover/ Non-current assets	x	0.21

*) Non-current assets turnover rate is calculated by annualisation of the quarterly turnover (360 days/270days)

***) Based on the individual interim condensed financial statements

4. DECLARATIONS AND SIGNATURES

Based on the most accurate available information, we hereby confirm that the condensed interim individual unaudited financial statements prepared in compliance with the applicable accounting standards (The International Accounting Standard 34 -,Interim Financial Reporting") provide a correct and true image of the company's financial position, financial performance and cash flow for the period ended on 30 September 2016 and that this report, prepared in compliance with art. 227 of Law no. 297/2004 on capital markets and Annex no. 30 of CNVM Regulation no. 1/2006 for the period ended on 30 September 2016, contains correct and true information regarding the development and performance of the company.

Alexandru SANDULESCU
President of the Administration Council

Daniela LULACHE
General Manager

Mihai DARIE
Financial Manager

5. APPENDIXES

5.1. CONDENSED INTERIM INDIVIDUAL UNAUDITED FINANCIAL STATEMENTS as at and for the period ended on September 30, 2016

5.2. QUARTERLY REPORT of the Board of Directors on the administration activity for the period between 1st of January – 30th of September. 2016