

NUCLEARELECTRICA

POWERed by people

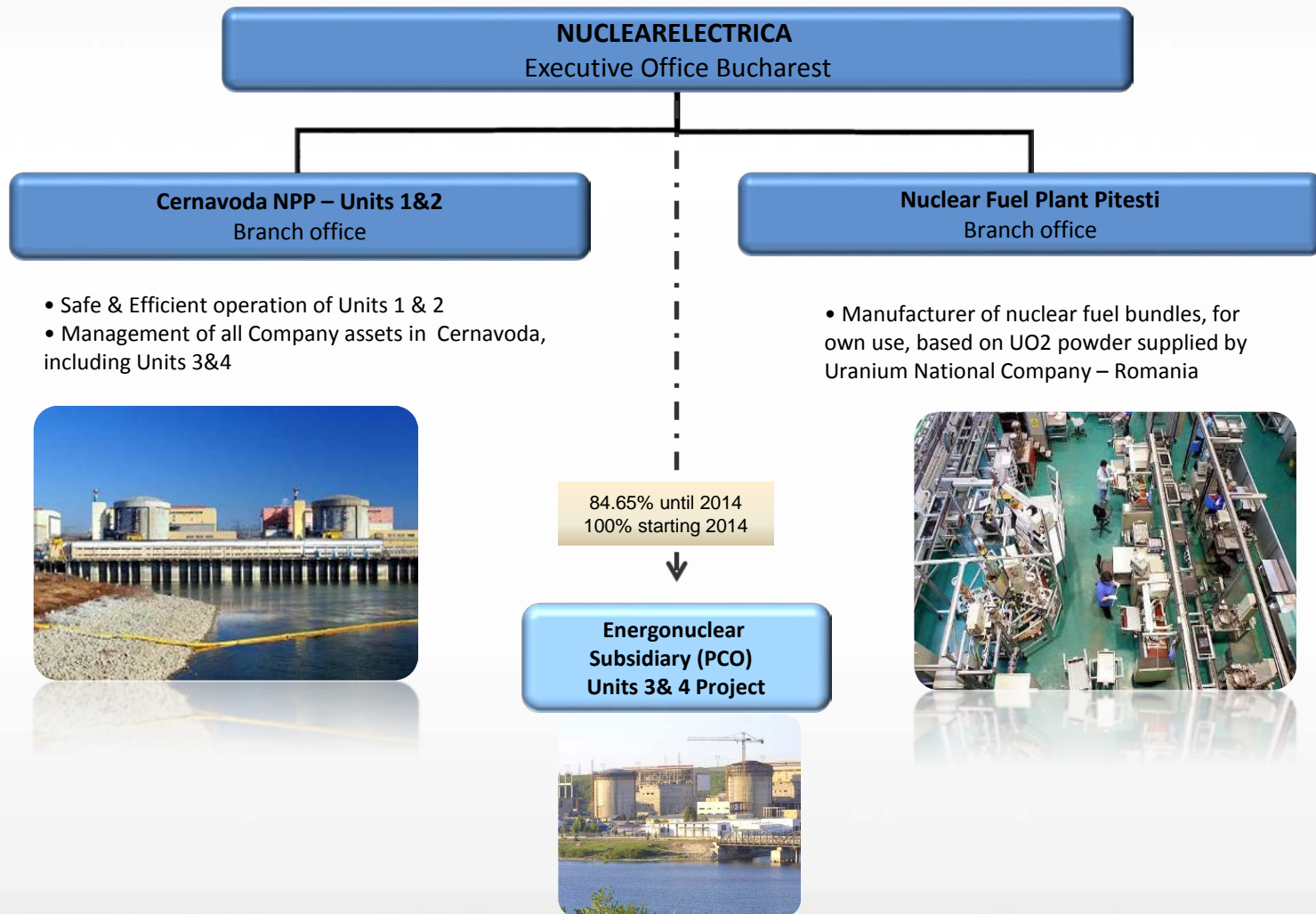
SNN Investors' Day

Financial results for the period of three
months ended 31st March 2016

Bucharest, 13th May 2016

Nuclearelectrica - overview

Company structure



Nuclearelectrica – Shareholder structure

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

Pre-IPO shareholding structure

- 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)

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%

Post-IPO shareholding 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)

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 2015

- 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)

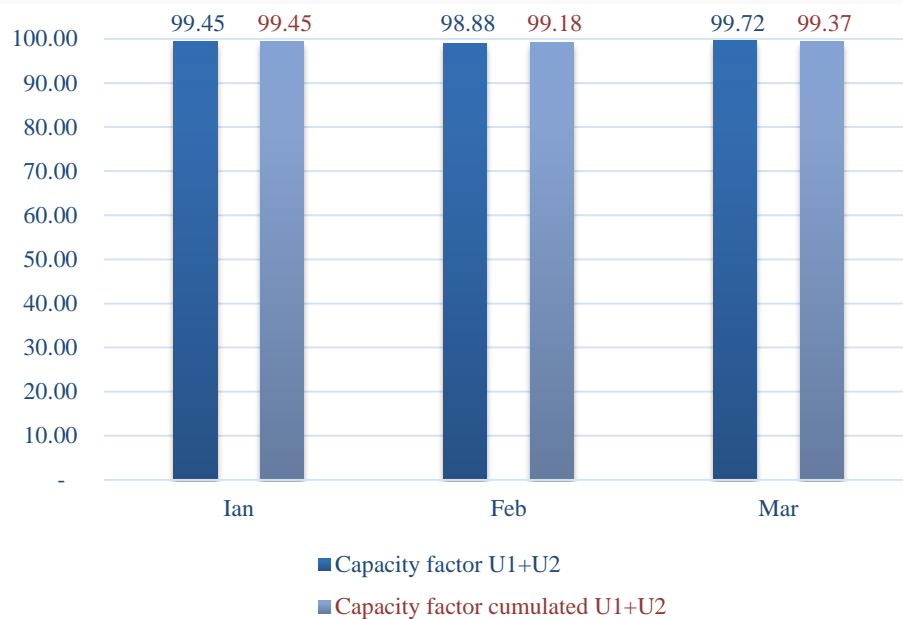
Shareholders	Shares (m)	Percent
Ministry of Energy	248,73	82,49%
Fondul Proprietatea	27,40	9,09%
Free float	25,36	8,41%
Total	301,51	100,00%

Share capital increase 2015

- Share capital increase with 292.810 shares representing the contribution in kind of the Romanian State with the value of 2.928.100 lei
- Subscription period: 19.10.2015 – 18.11.2015
- A maximum number of 62.201 new shares were offered for subscription to existing shareholders at the registration date, based on the pre-emptive right. These shares were not subscribed

CANDU Technology Unit performance

Capacity Factor U1 + U2 (%)



Global ranking (as of June 2015-last update)

Unit capacity 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 2014).

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

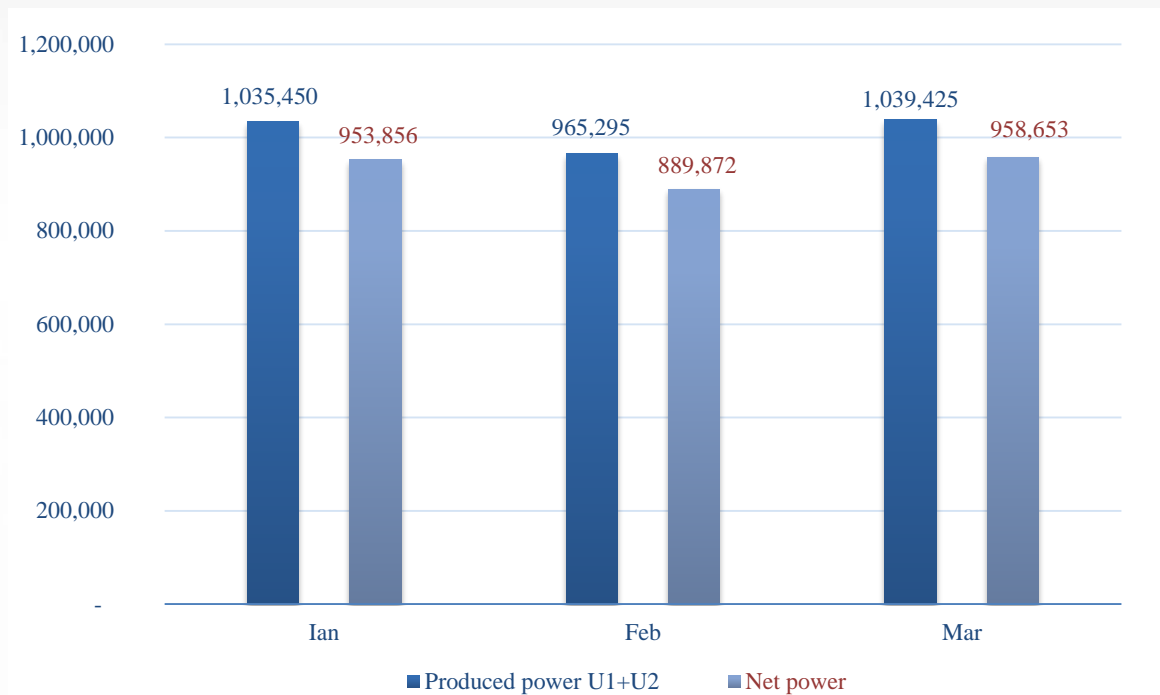
Candu Owner's Group

- Gross Capacity factor in 2015
- **Unit 1 – 96,92%** - rank **2nd**
- **Unit 2 – 92,20%** - rank **9th**

Gross Capacity Factor since in service:

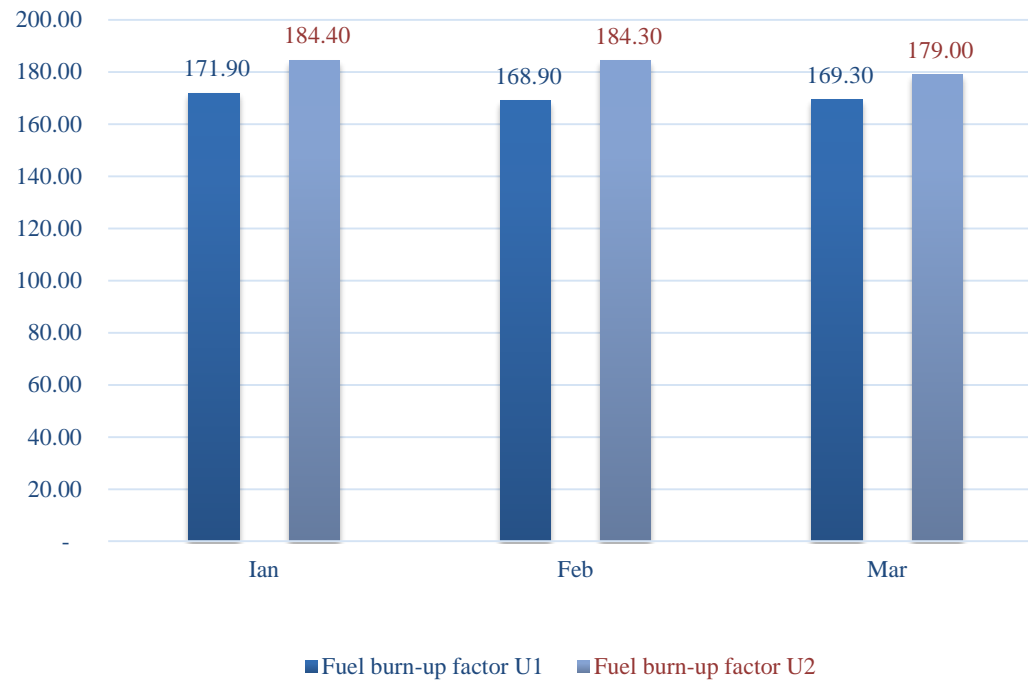
- **Unit 1 – 90,7%** - rank **7th**
- **Unit 2 – 94,3%** - rank **2nd**

Produced power and net power U1 + U2 (MWh)



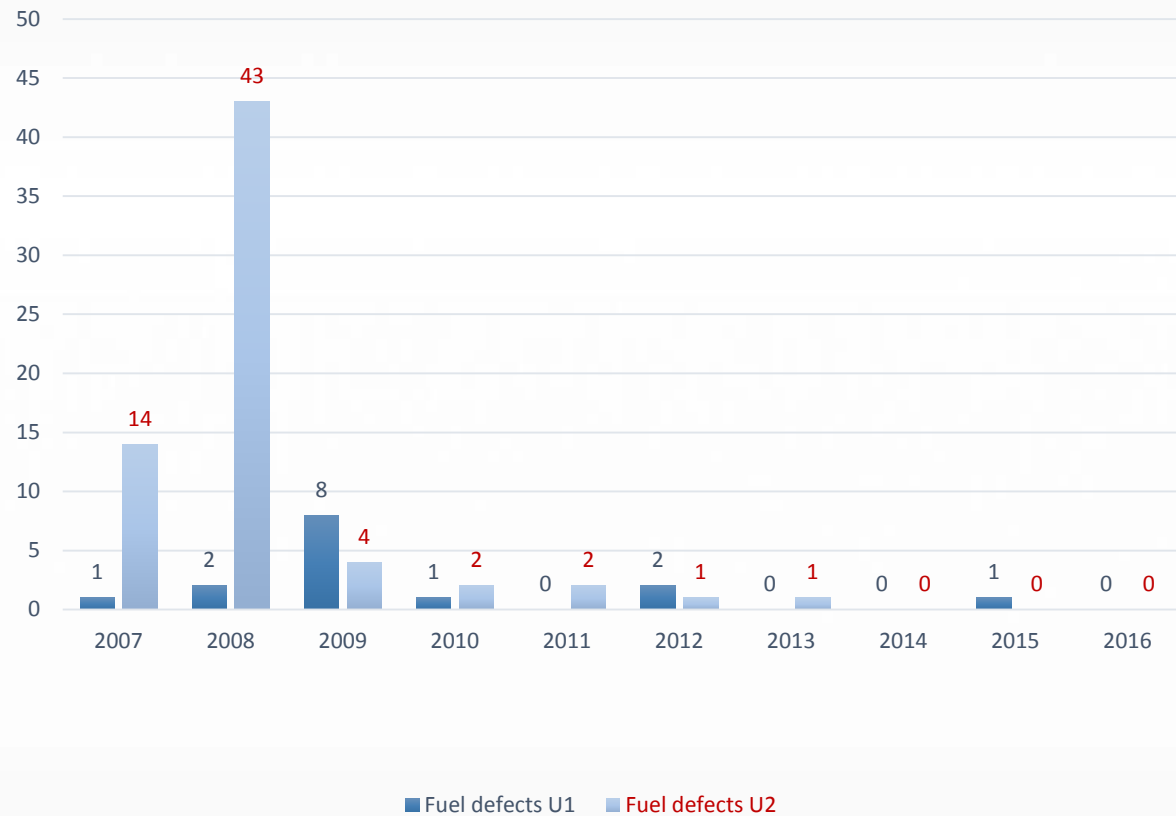
TOTAL Q1 2016	
Produced power	Net power
3.040.169	2.802.381
Technological consumption	
Q1 2016 cumulated: 7,82%	Project estimated: max 10,00%

Fuel burn-up factor (MWh/ KgU)

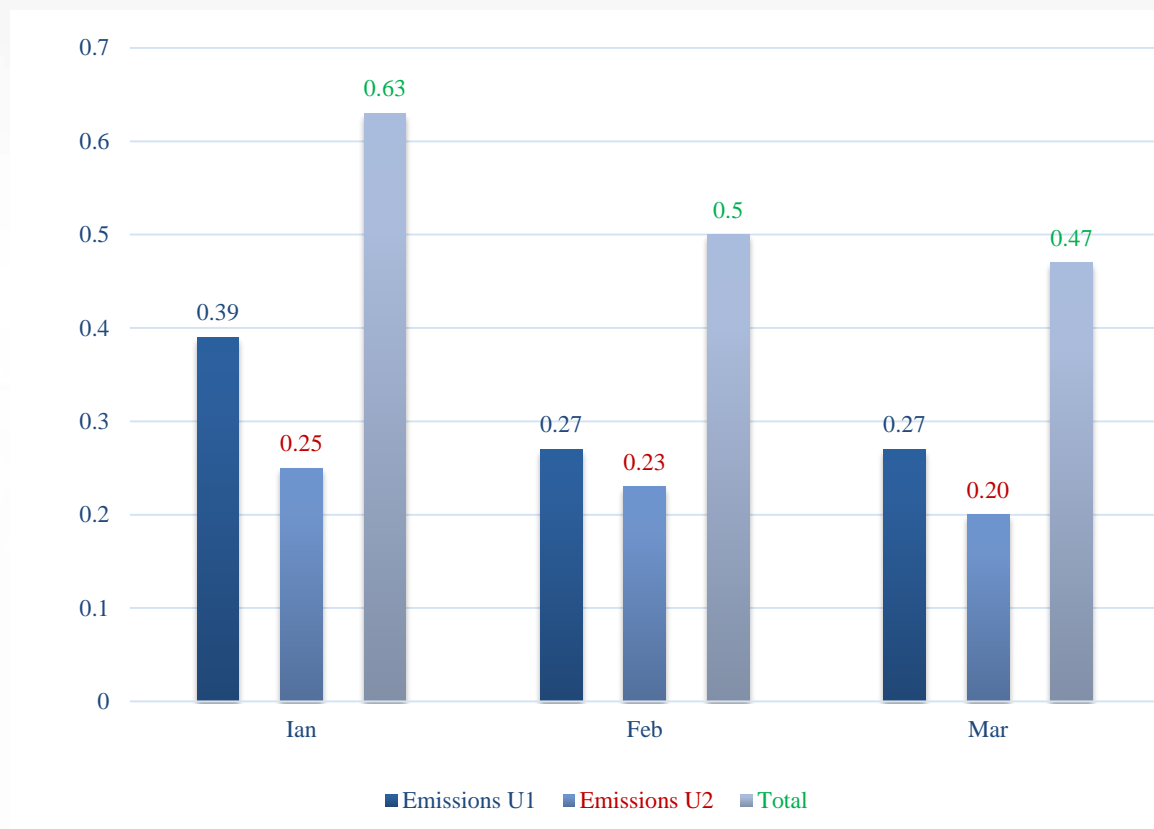


FUEL BURN-UP FACTOR Q1 2016	
Cumulated Q1 2016	Project estimated:
176,19	min 156,00

Confirmed fuel defects U1 and U2 (#)



Radioactive emissions U1 + U2 (microSv)



TOTAL Q1 2016	ANNUAL LIMIT
1,60	7,5

CNCAN authorized limit = 100 microSv/ year/ unit + 50 microSv/ year DICA
Legal limit for population (as per Radioprotection Norm NSR01) = 1000 microSv/ year

Q1 2016 individual key financials

RON '000	Q1 2016	Q 1 2015	Var (%)
Quantity of energy sold (Mwh)	2.810.749	2.806.439	0,2%
Sales of electricity	446.432	440.293	1,4%
Operating expenses	(259.402)	(326.166)	-20,5%
EBITDA	195.033	160.265	21,7%
EBIT	75.977	44.223	71,8%
Net profit	66.861	35.435	88,7%
Basic EPS (RON/share)	0,22	0,12	80,4%
Diluted EPS (RON/share)	0,22	0,12	80,4%

Nuclearelectrica net profit for Q1 2016: 66.861k RON, 88,7% above Q1 2015 result

Main drivers:

- Decrease in operating expenses driven mainly by the implementation of the new provisions of the Fiscal Code that caused a decrease of 36% of tax on buildings, land and special constructions
- Slightly increase of quantity sold on regulated market for Q1 2016 compared to Q1 2015 corroborated with a marginal increase by 1,1% of the average price of energy sold

Q1 2016 Financial position

RON'000	31.mar.16	31.dec.15	Variation
Total non-current assets	7.598.637	7.696.228	-1,3%
Inventories	315.213	323.223	-2,5%
Trade and other receivables	164.303	176.746	-7,0%
Cash and cash equivalents (incl. deposits)	1.544.871	1.361.218	13,5%
Total current assets	2.024.387	1.861.187	8,8%
Total assets	9.623.024	9.557.415	0,7%
Share capital and premium	3.242.115	3.242.115	0,0%
Prepaid share reserve	21.554	21.554	0,0%
Revaluation reserve	286.444	293.330	-2,3%
Retained earnings	4.010.472	3.936.725	1,9%
Total shareholder's equity	7.560.585	7.493.723	0,9%
Long term borrowings	1.239.098	1.279.606	-3,2%
Other non-current liabilities	357.061	363.083	-1,7%
Total non-current liabilities	1.596.159	1.642.689	-2,8%
Accounts payable and other liabilities	254.282	218.954	16,1%
Current portion of long term borrowings	211.999	202.048	4,9%
Total current liabilities	466.281	421.002	10,8%
Total liabilities	2.062.439	2.063.691	-0,1%
Total equity and liabilities	9.623.024	9.557.415	0,7%

Non – current assets

- The investments capitalized during the period, mainly for the fixed assets in progress for Units 1 and 2, compensates partially the depreciation expense, thus the non-current assets suffered a decrease of 1,3%

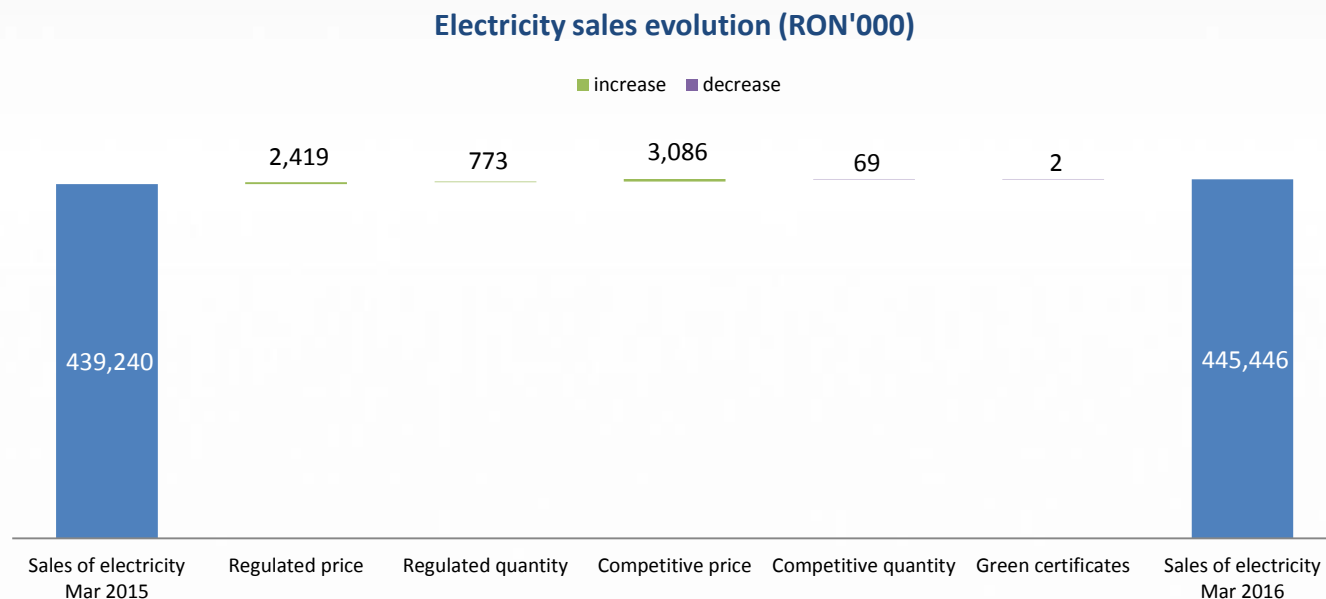
Current assets

- The decrease in current assets is due to a reduction in trade receivables, collected according to the commercial terms and conditions, and an increase of 13,5% in cash and cash equivalents due to VAT reimbursements and receivables collection.

Current liabilities

- Accounts payable and other liabilities increased mainly due to the recognition of taxes on land, buildings and special constructions related to FY 2016 in amount of 21.762 RON (31 December 2015: nil) and of current tax liability of 20.678k RON (31 December 2015: nil).
- The exchange rate increase triggered the increase in the current portion of long term borrowings, which increased with 4,9%

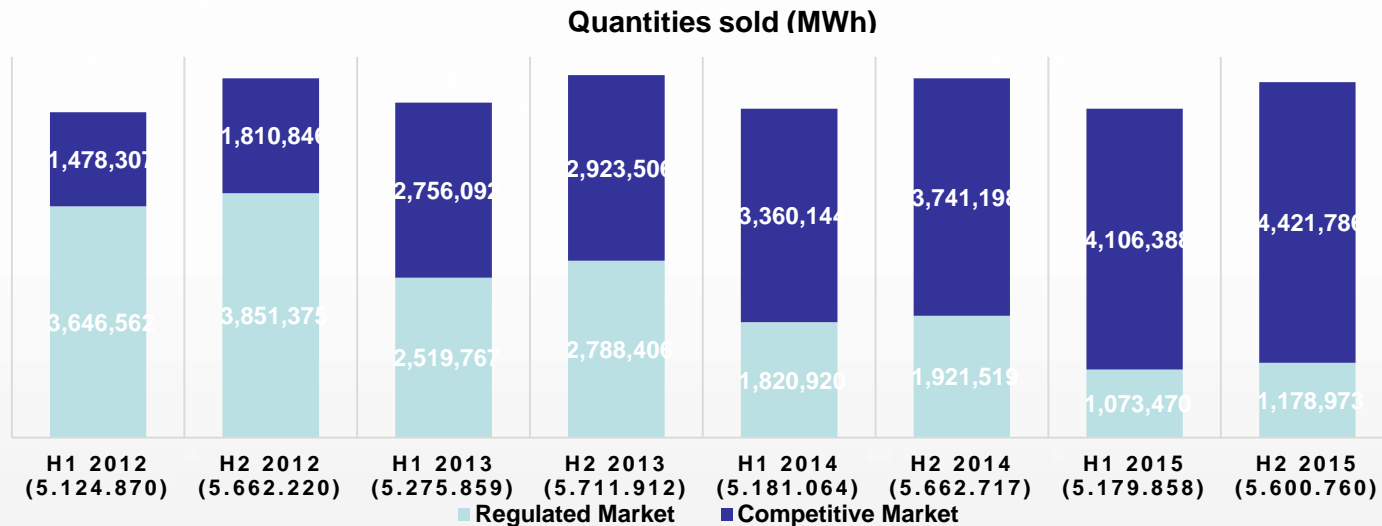
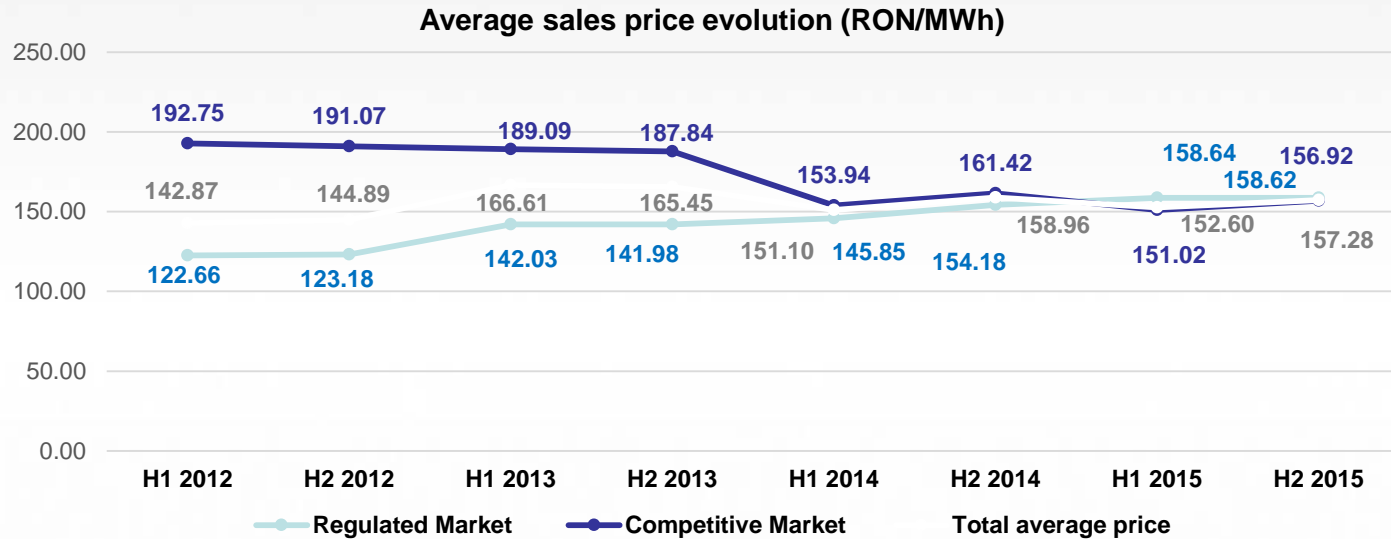
Sales of electricity in Q1 2016 increased by 1,4% compared to Q1 2015



Even though quantities of sold energy remained fairly constant (+0,3% y/y), sales of electricity increased mainly due to:

- higher quantities sold on regulated market (21,06% in Q1 2016 compared to 20,96% in Q1 2015)
- increase in sales price on regulated market (+2,6% y/y)
- increase in price on competitive market (+0,67% y/y)

Sales structure and average prices 2012 -2015



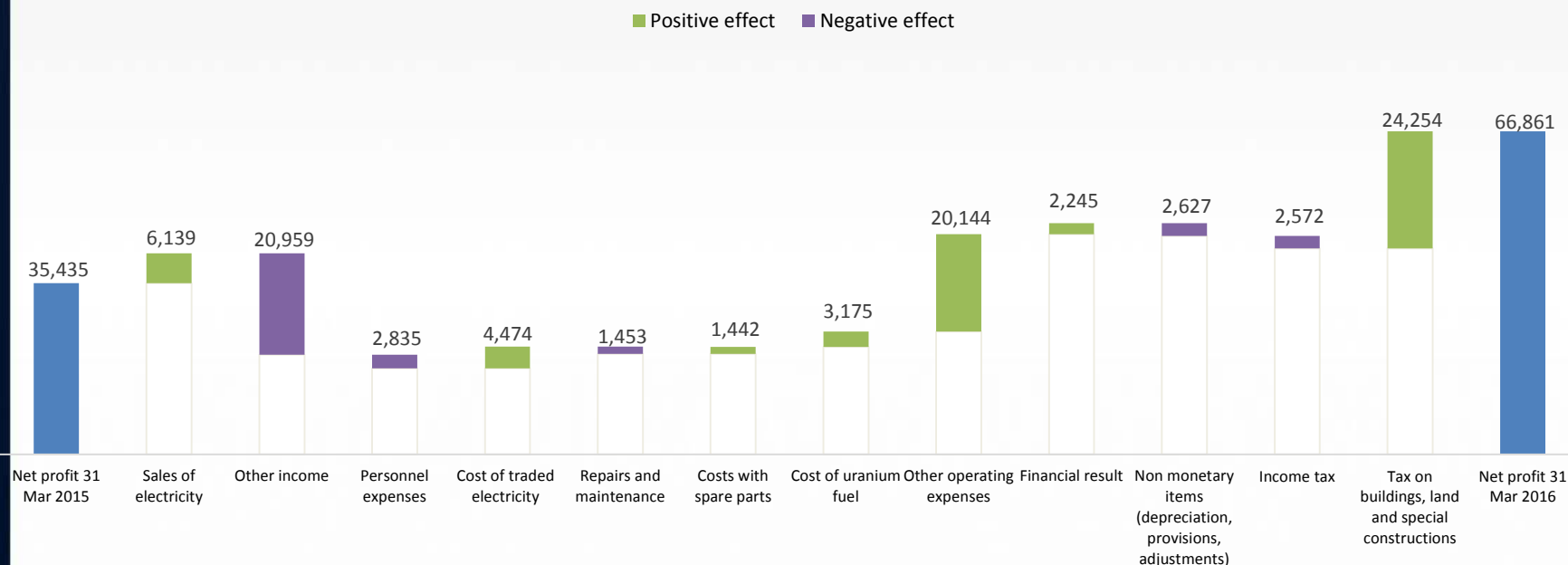
Sales structure and average prices

Sales by market (excluding TG)	Q1 2016	Q1 2015	Variation
Sales of electricity on regulated market (RON)	96.065.328	92.873.738	3,44%
Sales of electricity on competitive market (RON)	349.376.186	346.359.179	0,87%
- bilateral contracts	306.934.801	311.239.207	-1,38%
- Day-ahead and Intra-day	42.441.384	35.119.972	20,85%
Quantities sold on regulated market (MWh)	590.175	585.427	0,81%
Quantities sold on competitive market (MWh) *)	2.220.574	2.221.012	-0,02%
- bilateral contracts	1.871.833	1.976.031	-5,27%
- Day-ahead and Intra-day	340.558	231.978	46,81%
- Balancing market	8.182	13.003	-37,07%
Average price for regulated market (RON/MWh) - without TG	162,77	158,64	2,60%
Average price for competitive market (RON/MWh) - without TG	157,34	155,95	0,89%
Average price PCCB (RON/MWh)	163,98	157,51	4,11%
Average price PZU+PI (RON/MWh)	124,62	151,39	-17,68%

*) Quantities sold on competitive market include also quantities sold on balancing market according to the agreements concluded with Transelectrica S.A.

Net profit increased by 89% compared to Q1 2015

Net result evolution (RON'000)



SNN recorded a net result of 66,861k RON, 88,7% above Q1 2015 result and 235,96% above budgeted result, being generated by:

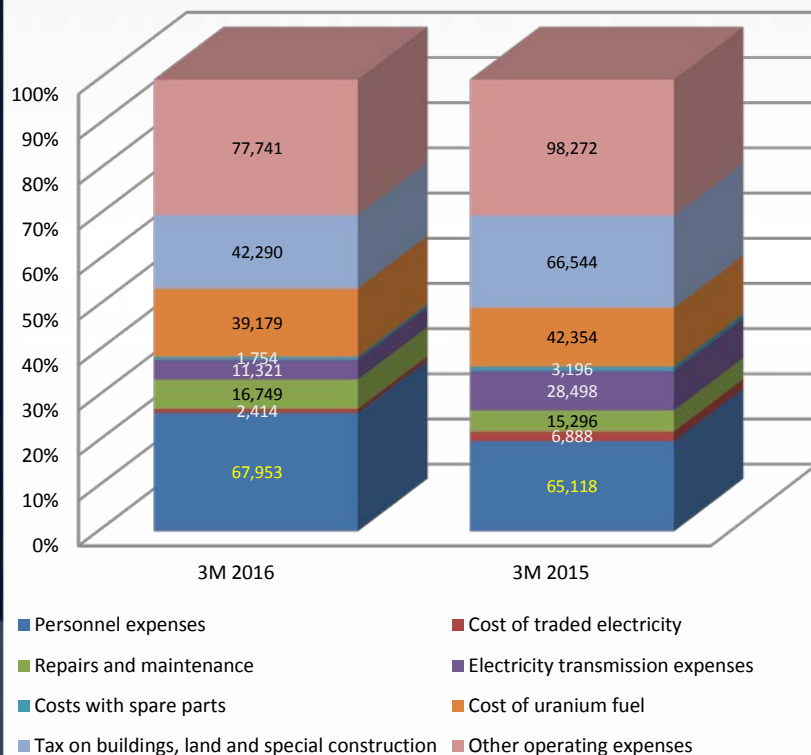
- Operating profit (RON 75.977k), 72% above Q1 2015 profit in amount of RON 44.223k;
- Financial profit (RON 10.300k), 28% above Q1 2015 financial profit in amount of RON 8.055k.
- Positive impact from the reduction with 21% of other operating expenses

The net result benefited mainly from the reduction of taxes on buildings, land and special constructions which decreased by 36% following the implementation of the new Fiscal Code which provides that the company has the obligation to pay tax on buildings for the two nuclear units and also from the reduction of other operating expenses by 21% compared to Q1 2015.

The variation in production had a negative impact over the net result by netting the increase in other income.

OPEX decreased by 20% compared to 3M 2015

Operating expenses ('000 RON)



Personnel expenses increased by 4,4% compared to Q1 2015, but remained 7,7% below budget. Late approval of 2015 budget (September 2015) led to the granting of salaries rises according to the budget starting October. The increase is also explained by the increase in the number of personnel and by the fact that some employees have moved to a superior level of seniority and fidelity (according to collective labor agreement provisions).

- **Cost of traded electricity, repairs and costs with spare parts** decrease in the 3M period of 2016 compared to 3M 2015 due to one unplanned outage occurred in Q1 2015 vs none in Q1 2016. For covering contracted sales during the unplanned outages SNN purchases electricity on the spot market. In Q1 2016 there were almost nil purchases on the spot market, compared to Q1 2015, when SNN purchased 32.836 MWh. The expense is related only to purchases on the balancing market, where the quantities dropped by 31,4%.
- **Cost of uranium fuel:** In accordance with the production plan, the fuel bundles manufactured decreased by 44,11 % compared to the same period of 2015 (from 3.600 bundles as at 31.03.2015 to 2.012 bundles as at 31.03.2016). The impact of this reduction is compensated by the increase in the average acquisition price following the termination of the contract concluded with CNU. Thus, sintered uranium dioxide powder was consumed for the price of 475 RON/kg, in stock on 31.12.2015, from CNU and from imports purchased from CAMECO Inc.
- **Electricity transmission expenses** decreased by 60% due to the decrease in the level of electricity transmission tariff into the grid. In Q1 2015 the tariff was 10,32 RON/MWh, and starting July 1st 2015, the tariff decreased to 4,04 RON/MWh.
- **Tax on buildings, land and special constructions** The decrease by 36% is due to the changes of the Fiscal Code, according to which, starting 1st January 2016 nuclear units are no longer subject to a tax on special constructions, the company being liable to a tax on buildings payable to local authorities.

Q1 2016 Results - Profit& Loss

RON'000	01.01.2016 - 31.03.2016	01.01.2015 - 31.03.2015	Variation	Budget 3M ended 31.03.2016	Variation vs Budget
Revenues					
Sales of electricity	446.432	440.293	1,4%	453.379	-1,5%
Electricity transmission revenues	11.321	28.498	-60,3%	11.062	2,3%
Total revenues	457.753	468.791	-2,4%	464.441	-1,4%
Other income	(3.319)	17.640	-118,8%	24.379	-113,6%
Operating expenses					
Personnel expenses	(67.953)	(65.118)	4,4%	(73.587)	-7,7%
Cost of traded electricity	(2.414)	(6.888)	-65,0%	(18.097)	-86,7%
Repairs and maintenance	(16.749)	(15.296)	9,5%	(23.224)	-27,9%
Electricity transmission expenses	(11.321)	(28.498)	-60,3%	(11.062)	2,3%
Costs with spare parts	(1.754)	(3.196)	-45,1%	(5.562)	-68,5%
Cost of uranium fuel	(39.179)	(42.354)	-7,5%	(46.034)	-14,9%
Other operating expenses	(120.031)	(164.816)	-27,2%	(165.214)	-27,3%
Total operating expenses	(259.402)	(326.166)	-20,5%	(342.780)	-24,3%
EBITDA	195.033	160.265	21,7%	146.040	33,5%
Depreciation and amortisation	(119.055)	(116.042)	2,6%	(115.849)	2,8%
EBIT	75.977	44.223	71,8%	30.191	151,7%
Finance costs	(22.106)	(33.572)	-34,2%	(24.950)	-11,4%
Finance income	32.406	41.627	-22,2%	21.907	47,9%
Income tax charge, net	(19.415)	(16.843)	15,3%	(7.246)	167,9%
Net profit	66.861	35.435	88,7%	19.902	236,0%

CAPEX

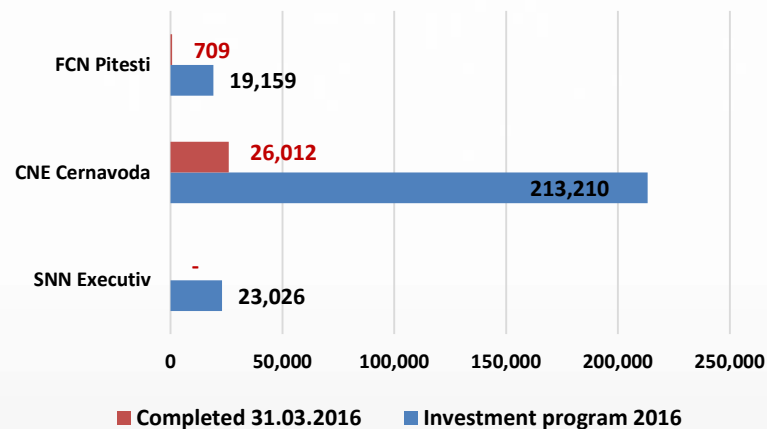
Key investments projects Q1 2016

Project code	Investment project	Budgeted 2016	Completion 31.03.2016	Completion stage as at 31.03.2016
				%
PJ-05-016	Intermediate Dry Spent Fuel Storage Facility (including Spent Fuel Loading Station U #2)	17.420	1.196	6,9%
PJ-04-001	Upgrading and expansion of the physical protection system	5.000	-	0,0%
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	31.304	197	0,6%
	Total	53.724	16.412	2,6%

CAPEX

- The low completion stage of key investment projects is explained by extension of purchase procedures due to successive appeals to bids and delays in obtaining all the notifications, approvals or authorizations.
- Total value of investment program of SNN for 2016 is of RON 255,4m, out of which CNE Cernavoda investment plan represents 83% and FCN Pitesti investment plan 8% of total value.
- The total completion stage for SNN investment program, as at 31 March 2016 is of 10,40%.

Investment Program Q1 2016 (RON '000)



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.
- Currently, SNN and CGN are negotiating the Investors Agreement and the Articles of Incorporation for the new Project Company, as per the last stage of the Selection Procedure.
- On May 8, 2016, according to art. 11 paragraph (3) from MoU, signed between CGN and the Company, the deadline for the execution of an agreement regarding the Investment Documentation was met.
- CGN notified the Romanian party, on May 5, 2016, regarding their intention to continue the negotiation related to the Investment Documentation for an additional period of 4 (four) months.
- 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

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SNN Investor Relations

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

www.nuclearelectrica.ro

Stock: ISIN ROSNNEACNOR8

Tel.: +40 21 203 82 00

E-mail: investor.relations@nuclearelectrica.ro

2016 Financial calendar

Date	Next event
August 12th 2016	- 1st Half of the year 2016 Report
November 15th 2016	- 3rd Quarter of the year 2016 Report

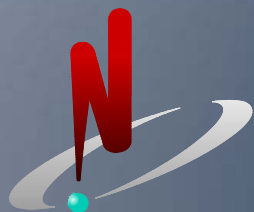
Executive Management

Daniela Lulache - CEO

dlulache@nuclearelectrica.ro

Mihai Darie - CFO

mdarie@nuclearelectrica.ro



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Thank you!