



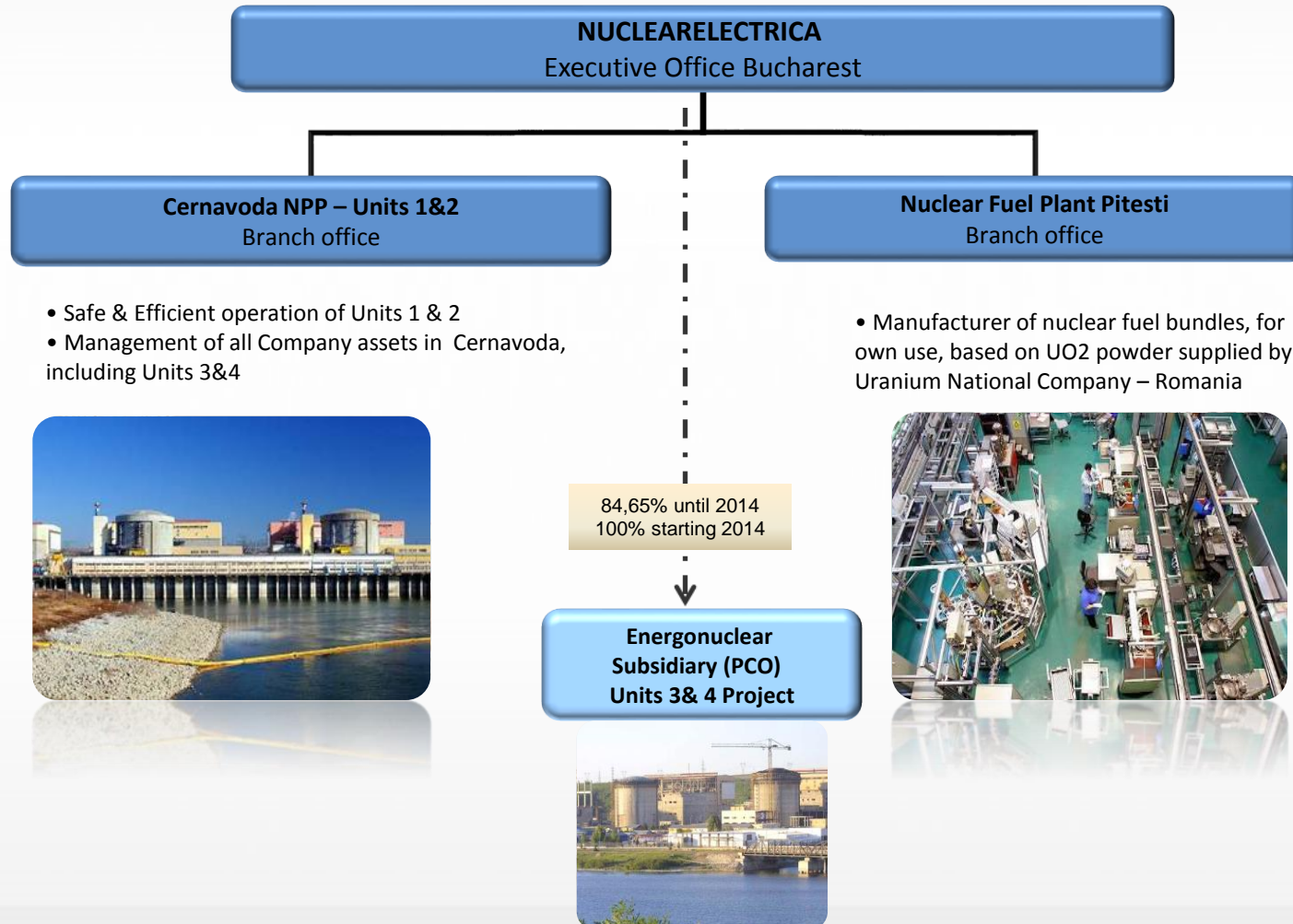
NUCLEARELECTRICA

POWERed by people

**Investors Meeting
2016 Half-yearly financial results
Bucharest
August 12 , 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%

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 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%

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%

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)

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)

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)

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

H1 2016 Financial result highlights

RON '000	H1 2016	H1 2015	Var (%)	Q2 2016	Q2 2015	Var (%)	Budget H1 2016	Var (%)
Quantity of energy sold (Mwh)	4.812.414	5.179.858	-7%	2.009.848	2.386.421	-16%	4.757.134	1%
Sales of electricity	723.764	791.793	-9%	277.332	351.500	-21%	747.471	-3%
Operating expenses	(530.526)	(609.478)	-13%	(271.124)	(283.312)	-4%	(576.333)	-8%
EBITDA	211.721	248.913	-15%	16.688	88.648	-81%	208.975	1%
EBIT	(26.684)	15.072	N/A	(102.661)	(29.151)	252%	(22.762)	17%
Cheltuieli financiare nete	(13.485)	(4.703)	187%	(23.785)	(12.758)	86%	23.850	N/A
Net profit	(37.839)	2.902	N/A	(104.700)	(32.533)	222%	(4.166)	808%

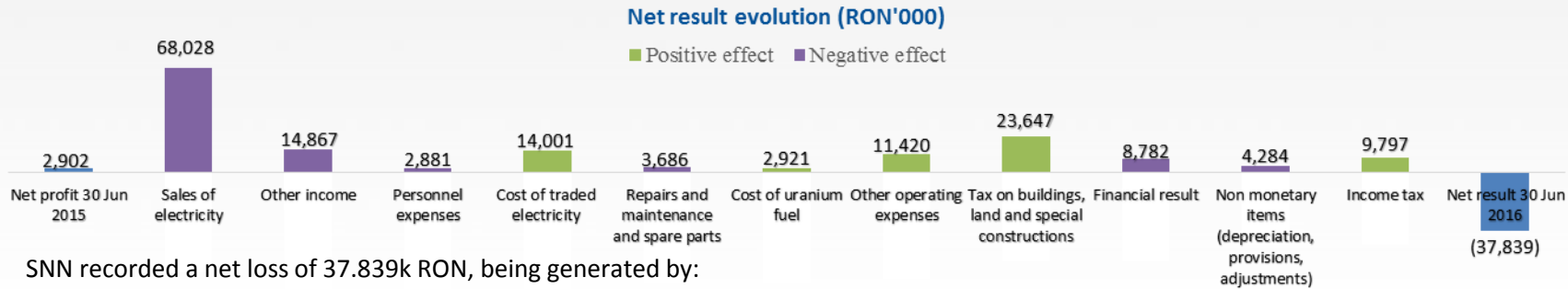
Nuclearelectrica net loss for H1 2016: 37.839k RON

Main drivers:

- Extended outage led to a significant drop in quantity sold
- Increase in sales on DAM market and decrease in weighted average price for sales on this market
- 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
- Financial loss registered a significant increase of 187% compared to the first semester of 2015.

EBITDA is in line with budgeted amount, the net result in H1 2016 being impacted by actual negative financial result, as compared to a budgeted financial profit.

Extended planned outage of Unit 1 burdened operational result



SNN recorded a net loss of 37.839k RON, being generated by:

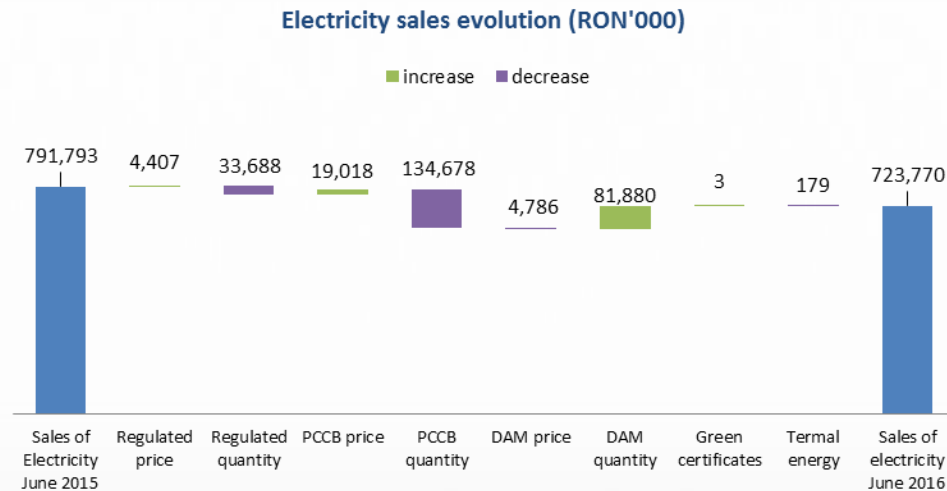
- Operating loss (26.684k RON), below operating profit in H1 2015 in amount of 15.072k RON
- Financial loss (-13.484k RON), -187% below financial loss recorded in H1 2015 of 4.703k RON

Main elements that influenced negatively the net operating result are:

- The extension of duration of the planned outage to 51 days from an average of 30 days led to a decrease in sold quantity of 7,09% (approximately 367 GwH). The estimated impact, considering the additional cost of nuclear fuel which would have been necessary for the additional energy production, is 52.000k RON representing unattained operational profit;
- Increased sales on DAM market at lower prices
- The variation in production had a negative impact over the net result by netting the increase in other income.

The result benefited 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
- Reduction of other operating expenses by 7% compared to H1 2015.
- Decrease in cost of traded electricity



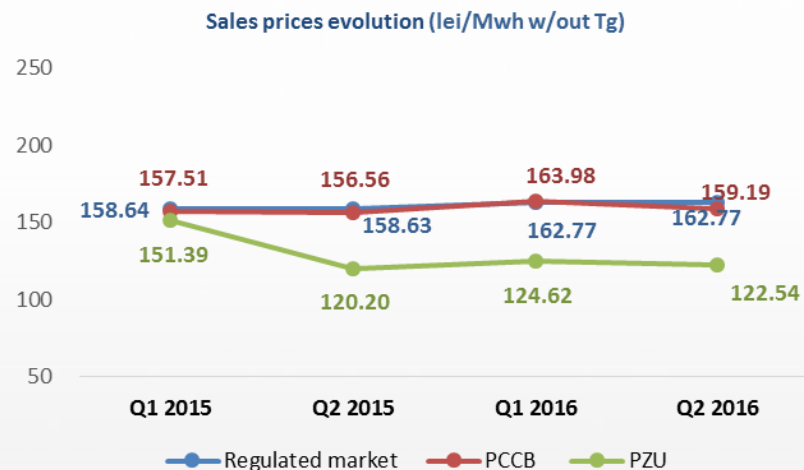
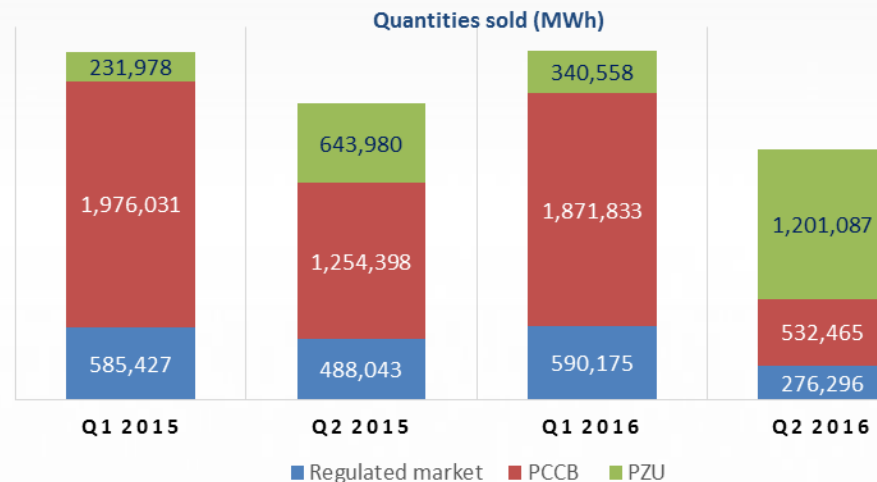
Lowering power prices affect result

Volatility of the prices and the lack of predictability created difficulties to conclude contracts on PCCB sales being performed in higher proportion on PZU market at lower prices

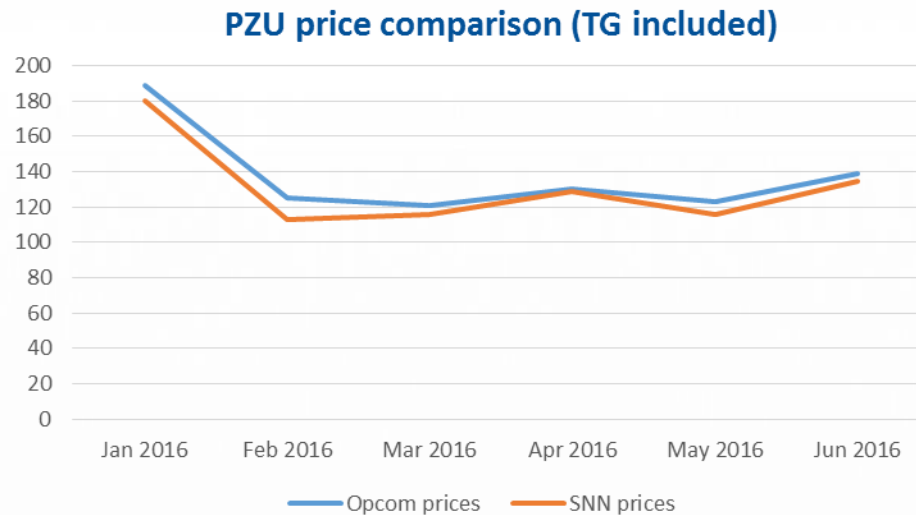
- Large quantities were sold on spot market especially in Q2 2016, which shows the low risk appetite of market participants who preferred PZU instead of long term contracts.
- As a consequence, SNN's sales share on the DAM market increased reaching 31.95% in the first semester of 2016, compared to only 16.83% in the first semester of 2015
- PZU Energy prices dropped by 4,25% in H1 2016 compared to H1 2015, the variation being mainly generated by the drop of 18% in Q1 2016 vs Q1 2015.
- The decreasing trend of prices in DAM market influenced the prices and duration of contracts on competitive market, the energy price on this market segment in H1 2016 being similar to the price achieved by SNN on the regulated market.

Quantities	6M 2016 actual	6M 2016 budgeted	Variation
Regulated market	866.471	866.471	0,0%
PCCB	2.404.298	3.033.881	-20,8%
PZU	1.541.645	856.782	79,9%
TOTAL	4.812.414	4.757.134	1,2%

Sales structure and average prices



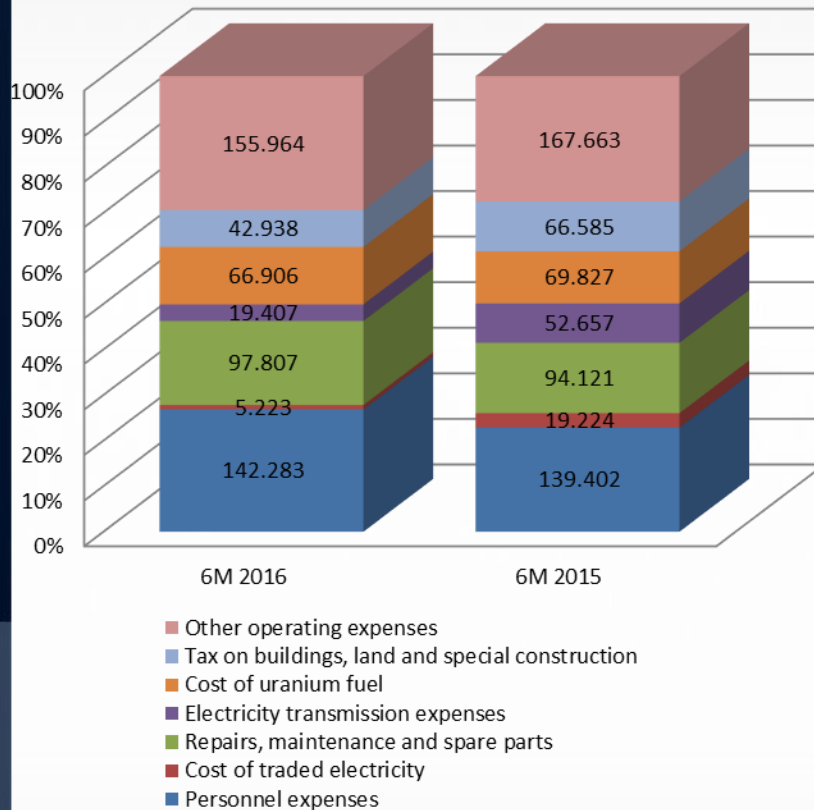
SNN's sales prices on PZU follow market trend



- Weighted average sales prices on PZU are slightly below monthly OPCOM averages being influenced by volumes and hours of trading, as well as due to the baseload profile of production.

OPEX lowered by 13% compared to H1 2015 and 7,9% below budget

Operating expenses ('000 RON)



Personnel expenses increased by 2% compared to H1 2015, but remained 5,9% 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** decrease in the 6M period of 2016 compared to 6M 2015 due to four unplanned outages occurred in H1 2015 vs none in H1 2016. For covering contracted sales during the unplanned outages SNN purchases electricity on the spot market. In H1 2016 there were almost nil purchases on the spot market, compared to H1 2015, when SNN purchased 45,065 MWh. The expense is related only to purchases on the balancing market, where the quantities dropped by 47,1%.
- **Repairs, maintenance and spare parts** increased with 4% following the planned outage that took place for Unit 1, with a duration of 51 days
- **Cost of uranium fuel:** In accordance with the production plan, the fuel bundles manufactured decreased by 19 % compared to the same period of 2015 (from 6,077 bundles as at 30.06.2015 to 4.947 bundles as at 30.06.2016). 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. at a price of 511,62 RON/kg.
- **Electricity transmission expenses** decreased by 63% due to the decrease in the level of electricity transmission tariff into the grid. In H1 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.

H1 2016 Income statement

Profit & Loss account

	6M ended 30.06.2016	6M ended 30.06.2015	Var (%)	3M ended 30.06.2016	3M ended 30.06.2015	Var (%)	Budget H1 2016	Var (%)
RON'000								
Revenues								
Sales of electricity	723.764	791.793	-8,6%	277.332	351.500	-21,1%	747.471	-3,2%
Electricity transmission revenues	19.407	52.657	-63,1%	8.085	24.159	-66,5%	18.786	3,3%
Total revenues	743.171	844.449	-12,0%	285.417	375.659	-24,0%	766.257	-3,0%
Other income	(924)	13.942	n/a	2.395	(3.698)	n/a	19.051	n/a
Operating expenses								
Personnel expenses	(142.283)	(139.402)	2,1%	(74.330)	(74.284)	0,1%	(151.189)	-5,9%
Cost of traded electricity	(5.223)	(19.224)	-72,8%	(2.809)	(12.336)	-77,2%	(38.242)	-86,3%
Repairs and maintenance	(81.000)	(80.207)	1,0%	(64.251)	(64.911)	-1,0%	(50.872)	59,2%
Electricity transmission expenses	(19.407)	(52.657)	-63,1%	(8.085)	(24.159)	-66,5%	(18.786)	3,3%
Costs with spare parts	(16.806)	(13.914)	20,8%	(15.052)	(10.718)	40,4%	(17.644)	-4,7%
Cost of uranium fuel	(66.906)	(69.827)	-4,2%	(27.727)	(27.472)	0,9%	(79.367)	-15,7%
Other operating expenses	(198.901)	(234.248)	-15,1%	(78.870)	(69.432)	13,6%	(220.233)	-9,7%
Total operating expenses	(530.526)	(609.478)	-13,0%	(271.124)	(283.312)	-4,3%	(576.333)	-7,9%
EBITDA	211.721	248.913	-14,9%	16.688	88.648	-81,2%	208.975	1,3%
Depreciation and amortisation	(238.405)	(233.841)	2,0%	(119.349)	(117.800)	1,3%	(231.738)	2,9%
EBIT	(26.684)	15.072	n/a	(102.661)	(29.151)	252,2%	(22.762)	17,2%
Finance costs	(62.054)	(66.578)	-6,8%	(39.948)	(33.006)	21,0%	(36.054)	72,1%
Finance income	48.569	61.875	-21,5%	16.164	20.248	-20,2%	59.905	-18,9%
Income tax charge, net	2.330	(7.467)	n/a	21.746	9.376	131,9%	(5.254)	n/a
Net profit	(37.839)	2.902	n/a	(104.700)	(32.533)	221,8%	(4.166)	808,2%

H1 2016 Financial position

RON'000	30.iun.16	31.dec.15	Variation
Total non-current assets	7.519.182	7.696.228	-2,3%
Inventories	320.741	323.223	-0,8%
Trade and other receivables	126.929	176.746	-28,2%
Cash and cash equivalents (incl. deposits)	1.378.599	1.361.218	1,3%
Total current assets	1.826.268	1.861.187	-1,9%
Total assets	9.345.450	9.557.415	-2,2%
Share capital and premium	3.242.115	3.242.115	0,0%
Prepaid share reserve	21.554	21.554	0,0%
Revaluation reserve	279.559	293.330	-4,7%
Retained earnings	3.812.585	3.936.725	-3,2%
Total shareholder's equity	7.355.812	7.493.723	-1,8%
Long term borrowings	1.185.403	1.279.606	-7,4%
Other non-current liabilities	352.502	363.083	-2,9%
Total non-current liabilities	1.537.904	1.642.689	-6,4%
Accounts payable and other liabilities	237.313	218.954	8,4%
Accounts payables	229.712	197.282	16,4%
Current portion of long term borrowings	214.420	202.048	6,1%
Total current liabilities	451.733	421.002	7,3%
Total liabilities	1.989.637	2.063.691	-3,6%
Total equity and liabilities	9.345.450	9.557.415	-2,2%

CAPEX

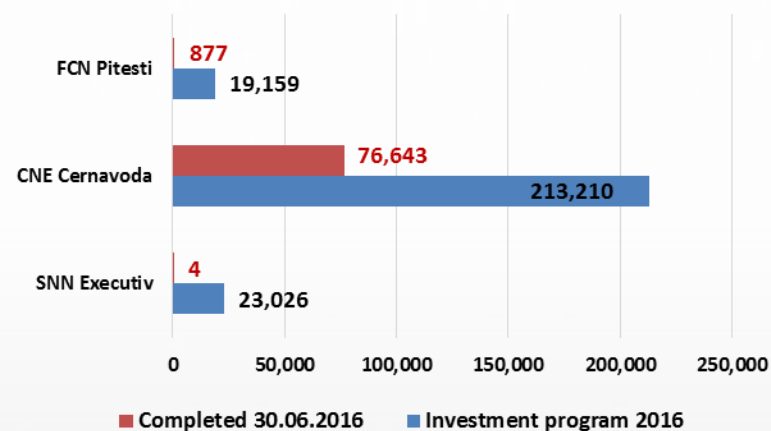
Key investments projects 2016

Project code	Investment project	Budgeted 2016	Completion 30.06.2016	Completion stage as at 30.06.2016 (%)
PJ-05-016	Intermediate Dry Spent Fuel Storage Facility (including Spent Fuel Loading Station U #2)	17.420	1.284	7,37%
PJ-04-001	Upgrading and expansion of the physical protection system	5.000	10	0,20%
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	855	2,73%
	Total	53.724	2.149	4,00%

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 30 June 2016 is of 30,40% vs. 20,54% as at 30 June 2015.

Investment Program 2016 (RON '000)

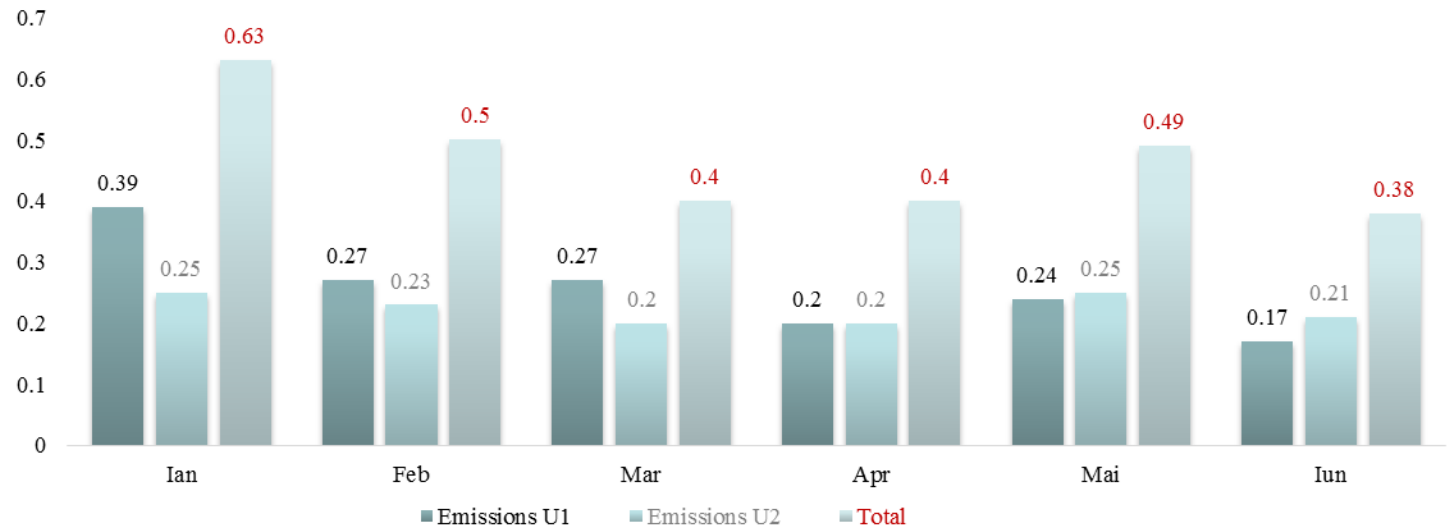


Cernavoda NPP Units 3 and 4

Status update

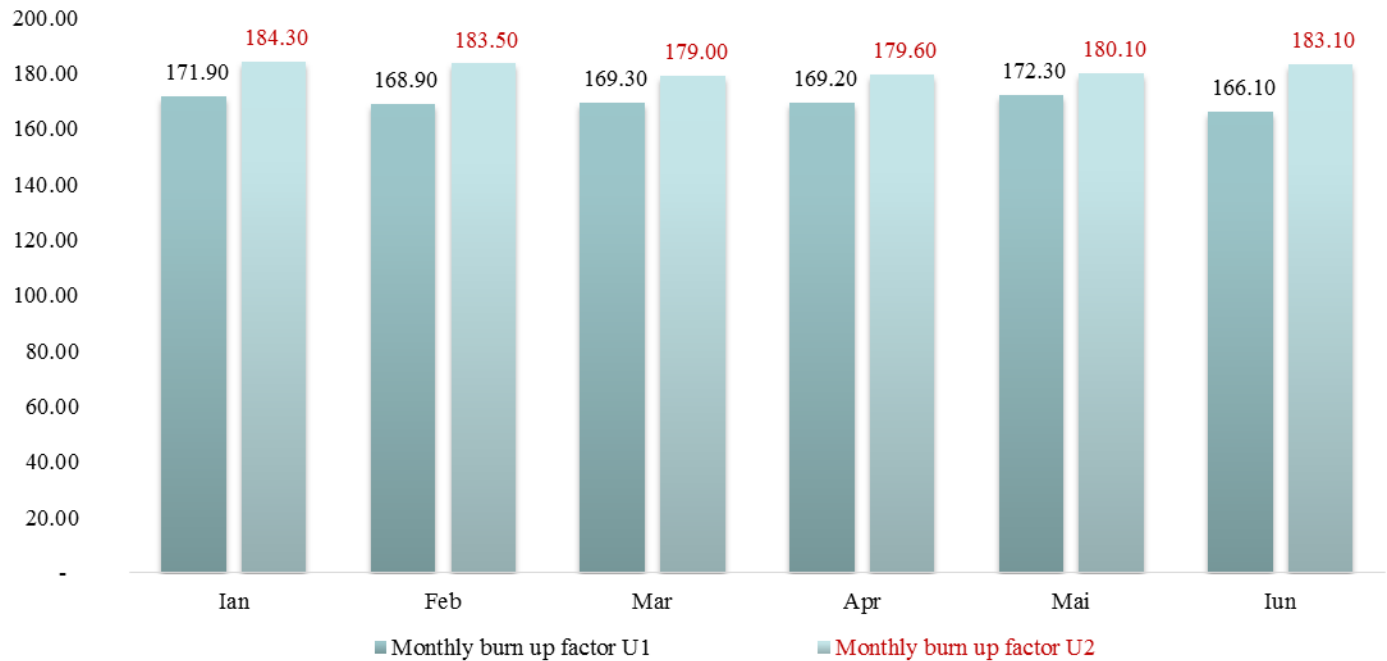
- Strategy for the continuation of the Cernavoda NPP Units 3 and 4 was approved by SNN GMS on August 22, 2014
- The strategy envisages the set up of Joint-venture between SNN and the Selected Investor, in which the SI owns at least 51% of the share capital. The JV is a forerunner of an Independent Energy 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 GMS approved the 4-month additional period on July, 18, 2016
- 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

Radioactive emissions U1+U2 (μSv)

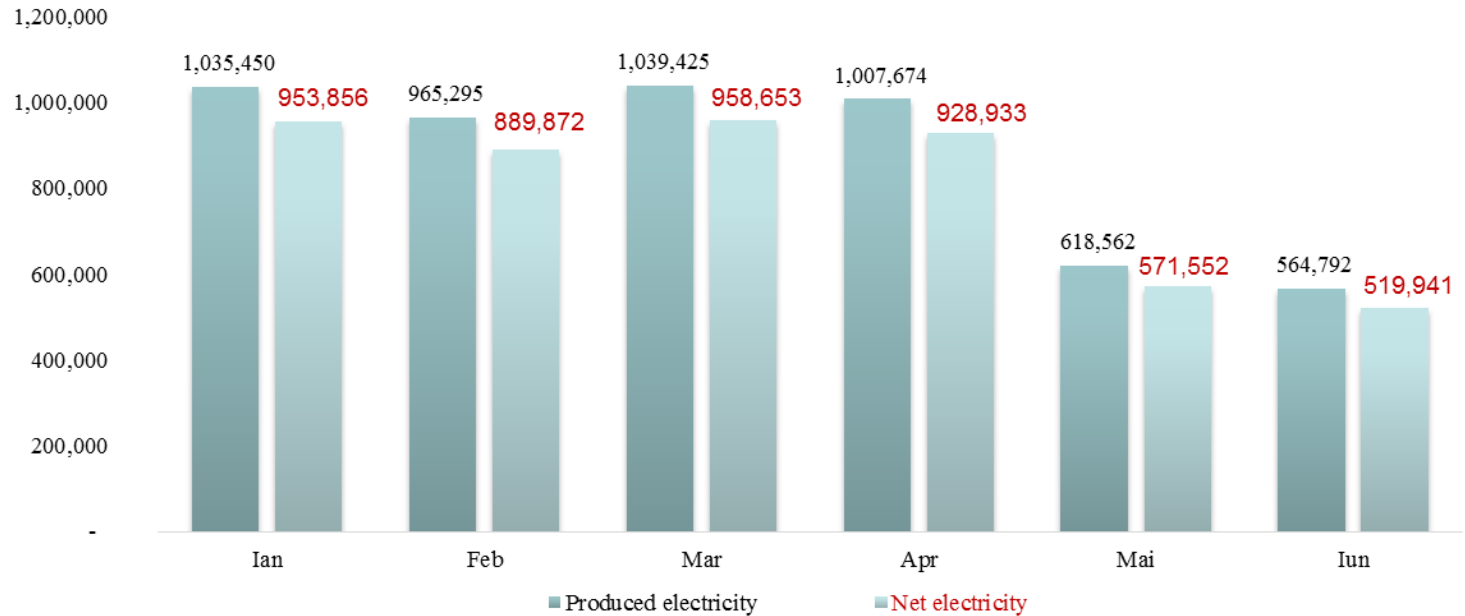


Total H1 2016:	Annual limit:
2,87	7,50

Nuclear fuel burn up factor (MWh/KgU) (Cumulated H1 2016: 175,70 /Project estimated: 156,00)

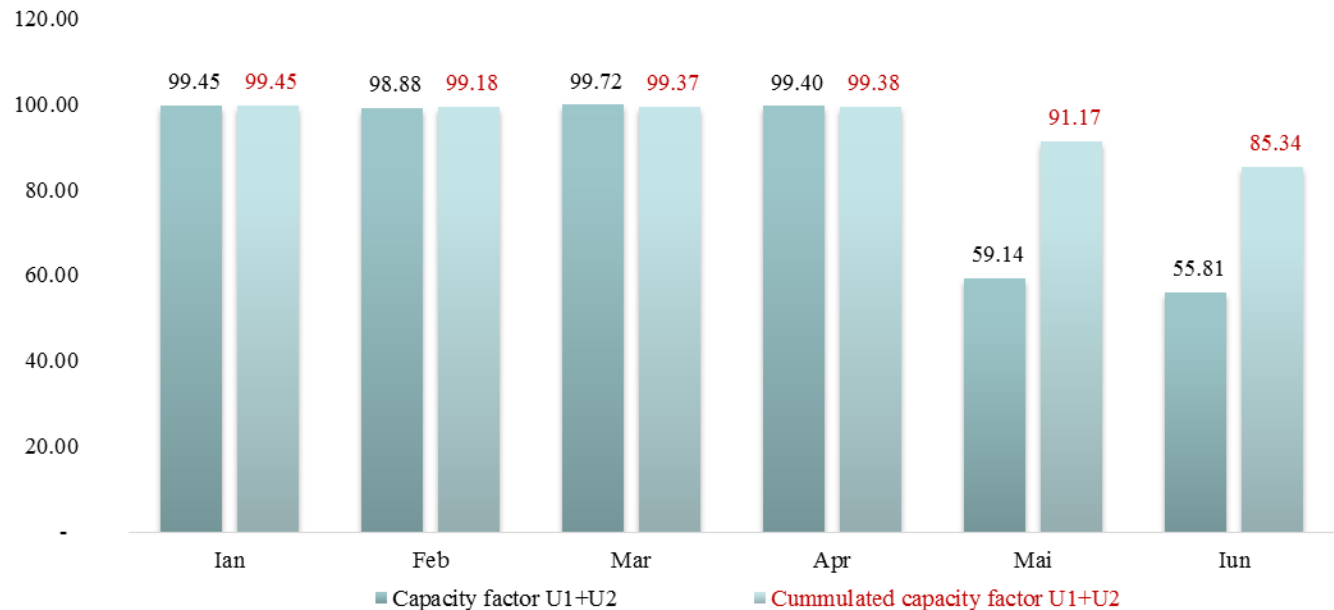


Produced electricity/ net U1 + U2 (MWh)
(Produced electricity H1 2016: 5.231.196 MWh / Net electricity H1 2016:4.822.807 MWh)
(Cumulated internal technological consumption H1 2016: 7,94%)



CANDU Technology Unit performance

U1 + U2 (%) Capacity Factor
(Cumulated H1 2016: 85,34%)



- **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 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**

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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
November 15th 2016	- 3rd Quarter of the year 2016 Report

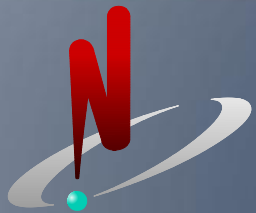
Executive Management

Daniela Lulache - CEO

dlulache@nuclearelectrica.ro

Mihai Darie - CFO

mdarie@nuclearelectrica.ro



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Thank you!