

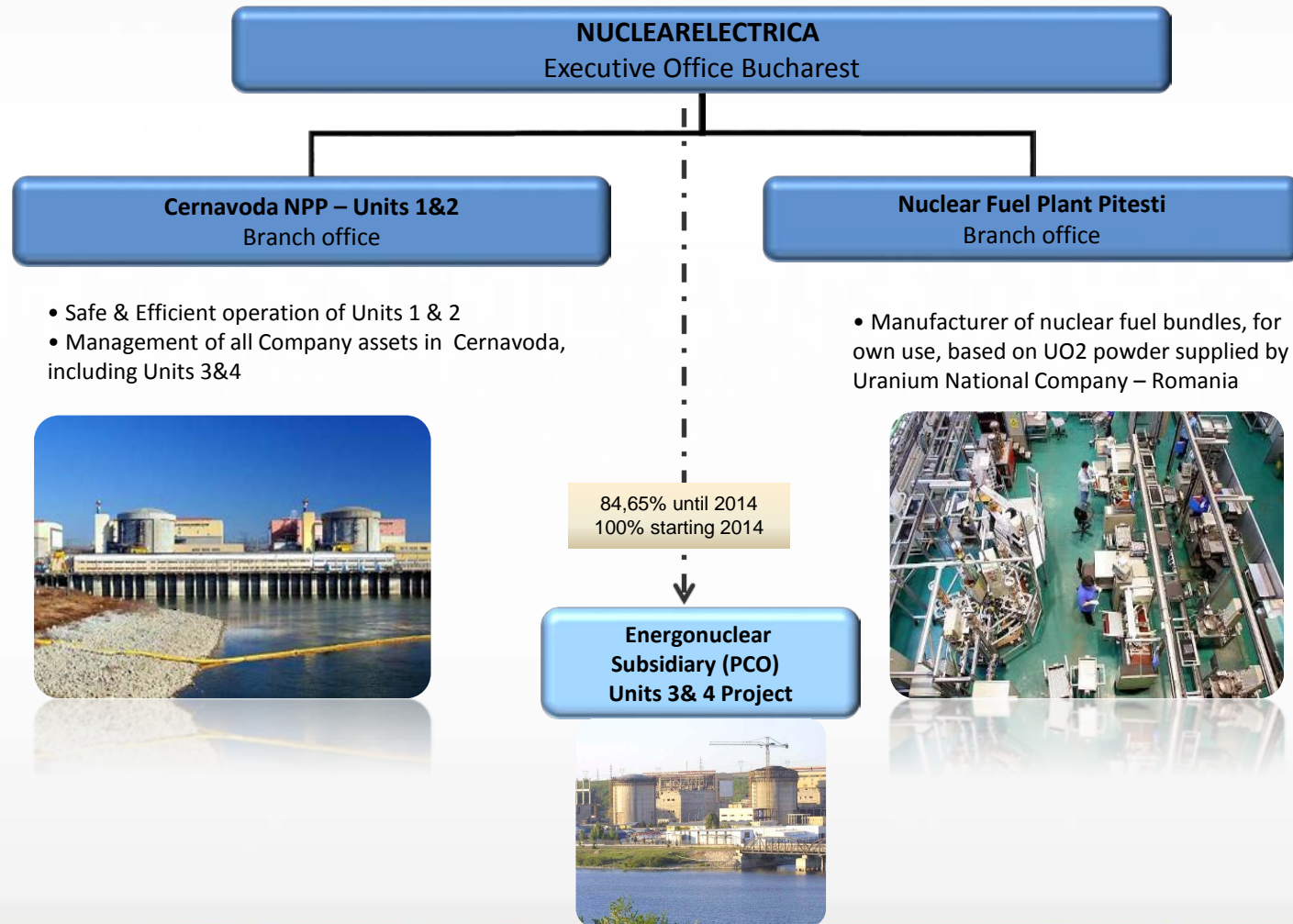
NUCLEARELECTRICA

POWERed by people

Investors Meeting 9M 2016 financial results Bucharest November 9, 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

9M 2016 Financial result highlights

RON '000	9M 2016	9M 2015	Var (%)	Q3 2016	Q3 2015	Var (%)	Budget 9M 2016	Var (%)
Quantity of energy sold (Mwh)	7.621.615	7.973.626	-4,4%	2.795.909	2.768.636	1,0%	7.512.010	1,5%
Sales of electricity	1.157.741	1.219.931	-5,1%	433.977	428.139	1,4%	1.185.372	-2,3%
Operating expenses	(770.321)	(845.178)	-8,9%	(239.795)	(235.700)	1,7%	(872.109)	-11,7%
EBITDA	424.122	459.719	-7,7%	212.401	210.806	0,8%	375.130	13,1%
EBIT	64.173	107.324	-40,2%	90.857	92.252	-1,5%	17.504	266,6%
Net profit	64.543	131.189	-50,8%	102.382	128.287	-20,2%	6.543	886,5%

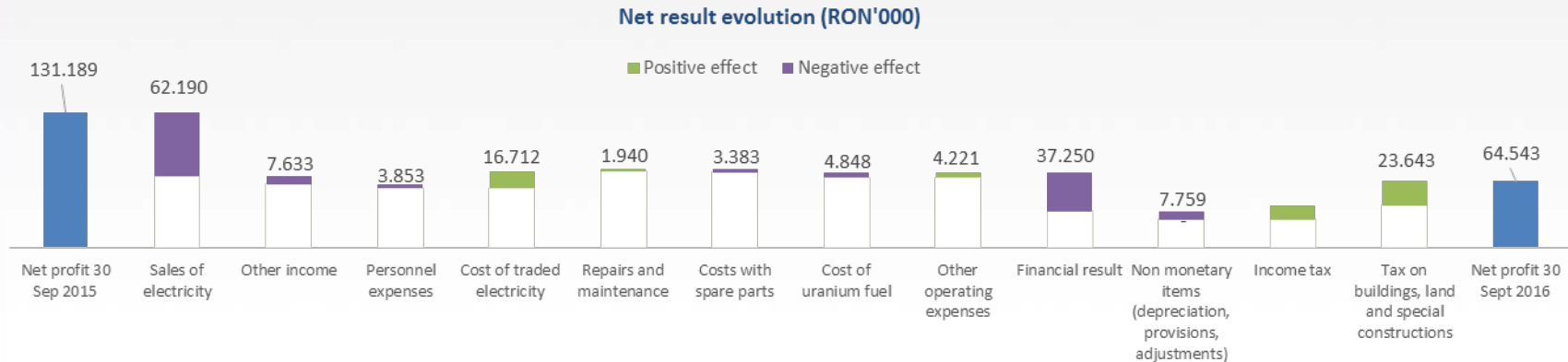
Nuclearelectrica net profit for 9m 2016: 64.543k RON

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 profit registered a decrease of 71% compared to 9M 2015.

EBITDA 3M is similar to the operational result recorded in the first nine months of 2015 and EBITDA 9M is 13,1% above budget.

Extended planned outage of Unit 1 burdened operational result



SNN recovered the net loss of 37,839k RON at 30.06.2016 and recorded a net profit of 64.543k RON, being generated by:

- Operating profit 64.173k RON, below operating profit in 9M 2015 in amount of 107.323k RON
- Financial profit 15.535k RON, -71% below financial profit recorded in 9M 2015 of 52.784k 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 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 6% compared to 9M 2015.
- Decrease in cost of traded electricity

Lowering power prices affect result

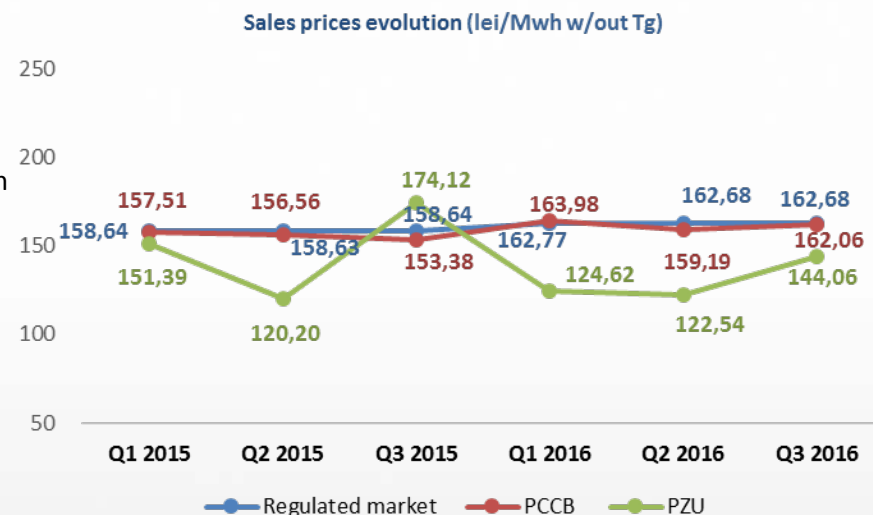
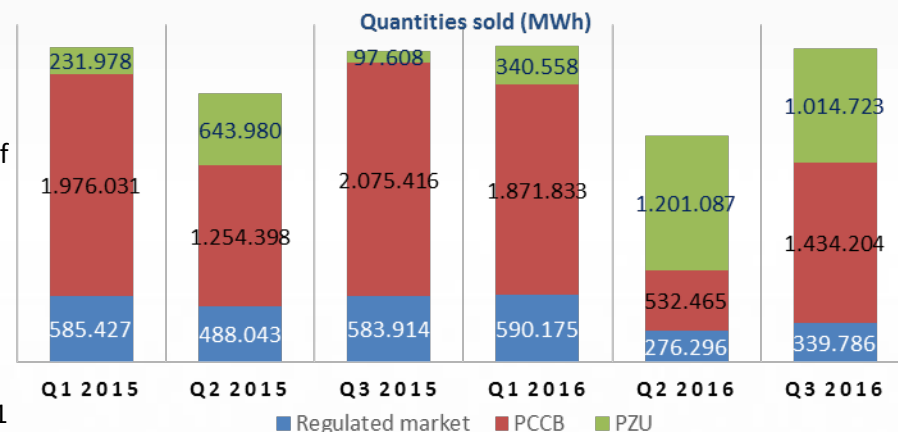
Volatility of the prices and the lack of predictability created difficulties to conclude contracts on PCCB sales being performed in higher proportion on PZU market at lower prices

- Large quantities were sold on spot market especially in Q2 2016 (60% of total sales vs 27% in 2015) and Q3 2016 (36% of total sales vs 4% in 2015), 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 33.6% in the first nine months of 2016 compared to only 12.3% in the same period of 2015
- PZU Energy prices dropped by 1% in 9M 2016 (by 4,25% in H1 2016 compared to H1 2015 and by 17% in Q3 2016 vs Q3 2015).
- The decreasing trend of prices in DAM market influenced the prices and duration of contracts on competitive market. The average energy prices on this market segment increased in 9m 2016 by 4,45%, being similar to those achieved by SNN on the regulated market.

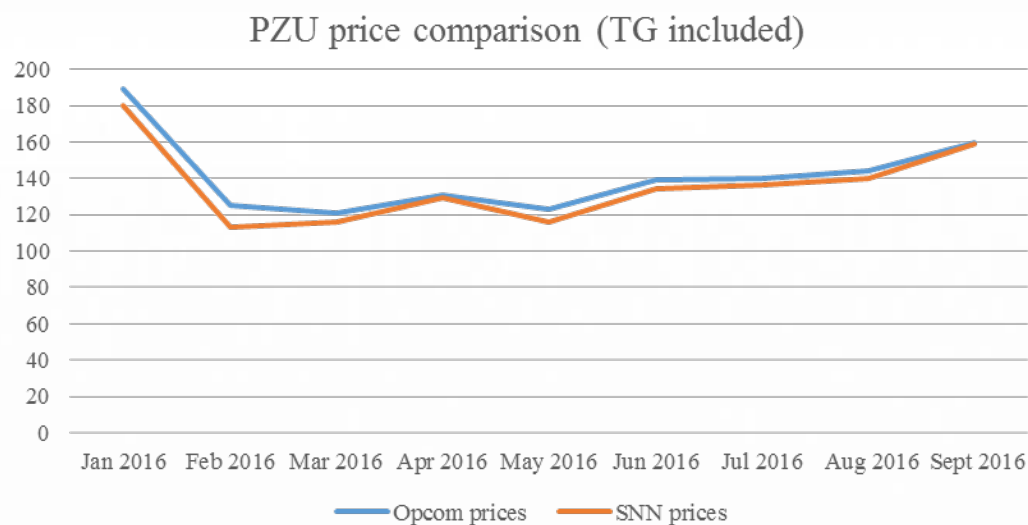
Quantities	6M 2016 actual	6M 2016 budgeted	Variation
Regulated market	866.471	866.471	0,0%
PCCB	2.404.298	3.033.881	-20,8%
PZU	1.541.645	856.782	79,9%
TOTAL	4.812.414	4.757.134	1,2%

Quantities	3M 2016 actual	3M 2016 budgeted	Variation
Regulated market	339.787	339.787	0,0%
PCCB	1.434.203	2.110.868	-32,1%
PZU	1.014.723	303.921	233,9%
TOTAL	2.788.713	2.754.576	1,2%

Sales structure and average prices



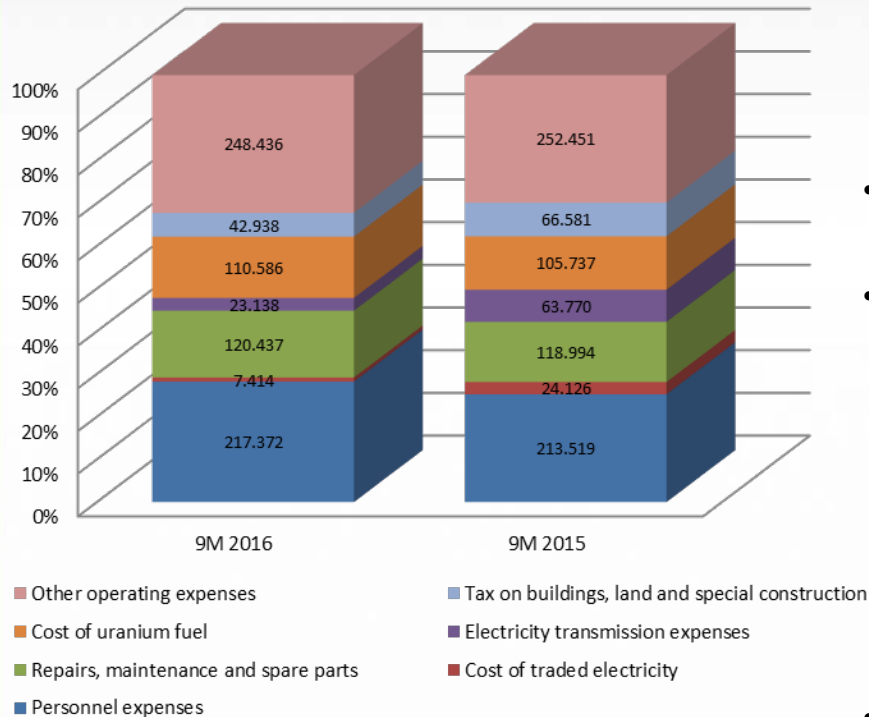
SNN's sales prices on PZU follow market trend



- 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 9% compared to 9M 2015 and 11,7% below budget

Operating expenses ('000 RON)



Personnel expenses increased by 2% compared to 9M 2015, but remained 5,52% 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 9M period of 2016 compared to 9M 2015 due to four unplanned outages occurred in 9M 2015 vs none in 9M 2016. For covering contracted sales during the unplanned outages SNN purchases electricity on the spot market. In 9M 2016 there were almost nil purchases on the spot market, compared to 9M 2015, when SNN purchased 45,065 MWh. The expense is related only to purchases on the balancing market, where the quantities dropped by 55,38%.
- **Repairs, maintenance and spare parts** increased with 1,2% 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 15 % compared to the same period of 2015 (from 8.788 bundles as at 30.09.2015 to 7.500 bundles as at 30.09.2016). 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 (and also at 429,47 RON/kg, as agreed in the second contract with CAMECO, for a small quantity consumed in September 2016).
- **Electricity transmission expenses** decreased by 64% due to the decrease in the level of electricity transmission tariff into the grid. The tariff decreased from 10,32 RON/MWh (applicable for H1 2015) to 4,04 RON/MWh starting July 1st 2015, respectively from 4,04 RON/MWh to 1,34 RON/MWh starting with July 1st 2016.
- **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.

9M 2016 Income statement

RON'000	9M ended 30.09.2016	9M ended 30.09.2015	Var %	3M ended 30.09.2016	3M ended 30.09.2015	Var %	Budget 9M 2016	Variation vs Budget
Revenues								
Sales of electricity	1.157.741	1.219.931	-5,1%	433.977	428.139	1,4%	1.185.372	-2%
Electricity transmission revenues	23.138	63.770	-63,7%	3.732	11.113	-66,4%	29.662	-22,0%
Total revenues	1.180.880	1.283.701	-8,0%	437.709	439.252	-0,4%	1.215.034	-2,8%
Other income	13.563	21.196	-36,0%	14.488	7.254	99,7%	32.205	-57,9%
Operating expenses								
Personnel expenses	(217.372)	(213.519)	1,8%	(75.090)	(74.118)	1,3%	(230.064)	-5,5%
Cost of traded electricity	(7.414)	(24.126)	-69,3%	(2.191)	(4.902)	-55,3%	(50.126)	-85,2%
Repairs and maintenance	(100.934)	(102.874)	-1,9%	(19.934)	(22.667)	-12,1%	(92.579)	9,0%
Electricity transmission expenses	(23.138)	(63.770)	-63,7%	(3.732)	(11.113)	-66,4%	(29.662)	-22,0%
Costs with spare parts	(19.503)	(16.120)	21,0%	(2.697)	(2.206)	22,2%	(25.244)	-22,7%
Cost of uranium fuel	(110.586)	(105.737)	4,6%	(43.680)	(35.911)	21,6%	(113.380)	-2,5%
Other operating expenses	(291.373)	(319.032)	-8,7%	(92.472)	(84.784)	9,1%	(331.054)	-12,0%
Total operating expenses	(770.321)	(845.178)	-8,9%	(239.795)	(235.700)	1,7%	(872.109)	-11,7%
EBITDA	424.122	459.719	-7,7%	212.401	210.806	0,8%	375.130	13,1%
Depreciation and amortisation	(359.949)	(352.396)	2,1%	(121.544)	(118.554)	2,5%	(357.626)	0,6%
EBIT	64.173	107.324	-40,2%	90.857	92.252	-1,5%	17.504	266,6%
Finance costs	(68.160)	(80.746)	-15,6%	(6.105)	(14.168)	-56,9%	(82.732)	-17,6%
Finance income	83.694	133.531	-37,3%	35.125	71.656	-51,0%	82.080	2,0%
Income tax charge, net	(15.165)	(28.919)	-47,6%	(17.495)	(21.452)	-18,4%	(10.309)	47,1%
Net profit	64.543	131.189	-50,8%	102.382	128.287	-20,2%	6.543	886,5%

9M 2016 Financial position

RON'000	30.sep.16	31.dec.15	Variation
Total non-current assets	7.418.999	7.696.228	-3,6%
Inventories	317.419	323.223	-1,8%
Trade and other receivables	134.869	176.746	-23,7%
Cash and cash equivalents (incl. deposits)	1.433.216	1.361.218	5,3%
Total current assets	1.885.505	1.861.187	1,3%
Total assets	9.304.504	9.557.415	-2,6%
Share capital and premium	3.242.115	3.242.115	0,0%
Prepaid share reserve	21.554	21.554	0,0%
Revaluation reserve	272.674	293.330	-7,0%
Retained earnings	3.921.851	3.936.725	-0,4%
Total shareholder's equity	7.458.194	7.493.723	-0,5%
Long term borrowings	1.124.068	1.279.606	-12,2%
Other non-current liabilities	346.469	363.083	-4,6%
Total non-current liabilities	1.470.536	1.642.689	-10,5%
Accounts payable and other liabilities	155.384	218.954	-29,0%
Accounts payables	147.824	197.282	-25,1%
Current portion of long term borrowings	220.389	202.048	9,1%
Total current liabilities	375.773	421.002	-10,7%
Total liabilities	1.846.309	2.063.691	-10,5%
Total equity and liabilities	9.304.504	9.557.415	-2,6%

CAPEX

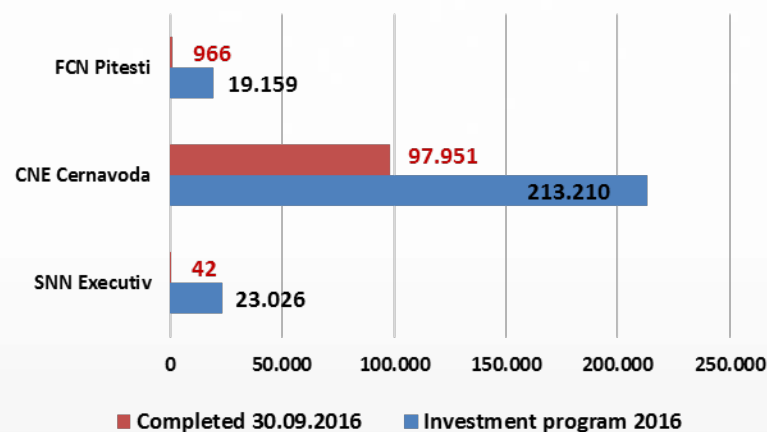
Key investments projects 2016

Project code	Investment project	Budgeted 2016	Completion 30.09.2016	Completion stage as at 30.09.2016 (%)
PJ-05-016	Intermediate Dry Spent Fuel Storage Facility (including Spent Fuel Loading Station U #2)	17.420	4.539	26,05%
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	1.362	4,35%
	Total	53.724	5.911	11,00%

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 September 2016 is of 38,75% vs. 33,48% as at 30 September 2016.

Investment Program 2016 (RON '000)



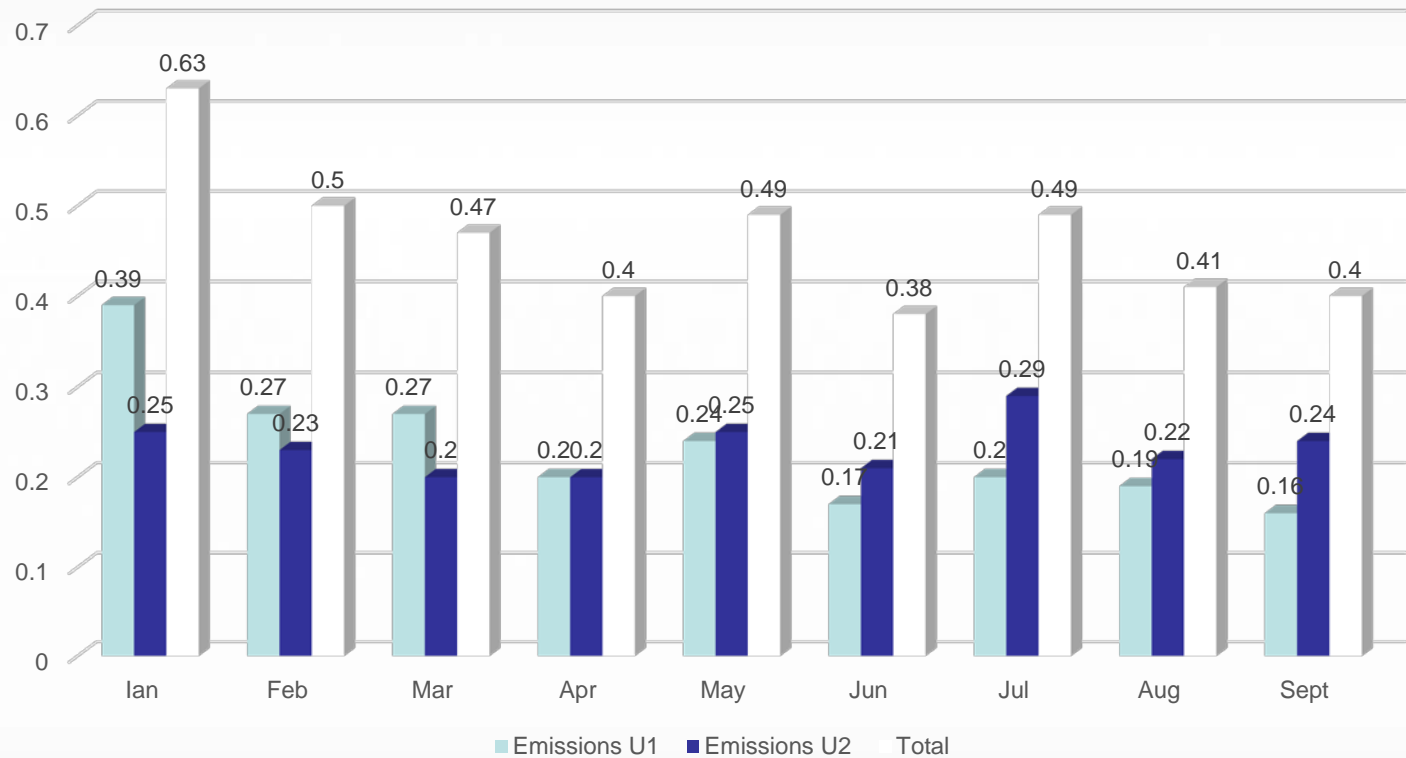
Cernavoda NPP Units 3 and 4 Status update

- The development of the selection procedure of investors for the Units 3 and 4 Project CNE Cernavoda (**"the Project"**) – initiated on August 22nd, 2014 by publishing the international notice of intent – is coordinated by the Inter-ministry Commission for the Project Units 3 and 4 CNE Cernavoda, (**"Inter-ministry Commission"**) appointed by the decision of the Romanian Prime-Minister no. 254 from August 21st, 2014, with subsequent amendments and additions - and, respectively developed by the Negotiation Commission for the Project Units 3 and 4 CNE Cernavoda (**"the Negotiation Commission"**), appointed by the order of the minister delegated for energy no. 719 from August 22nd, 2014, with subsequent amendments and additions.
- The main steps taken during the selection procedure:
- Only one investor - China General Nuclear Power Corporation ("CGN") – submitted the qualification documentation and subsequently the Documentation of Intent;
- October 14th, 2014, CGN was nominated Selected Investor;
- October 17th, 2014 the Joint letter regarding the Intent to Perform the Project was signed by SNN and CGN;
- During the period November 2014 - May 2015 negotiations occurred between the Negotiation Commission and CGN on the MoU regarding the development, building, operating and decommissioning of Units 3 and 4 from CNE Cernavoda ("MoU");
- September 2nd, 2015 – the Romanian Government approved the Memorandum with the theme: *Approval of the MoU regarding the development, building, operation and decommissioning of Units 3 and 4 from CNE Cernavoda*;
- October 22nd, 2015 – the SNN GEMS approved the MoU;
- November 9th, 2015 – the MoU signing by SNN and CGN;
- November 23rd, 2015 – sending to CGN the proposal of the Investment Documents and namely the Investors' Approval ("AI") and the Project Company Articles of Incorporation;
- January 19th, 2016 – the Romanian Government issuing the Support Letter for the Units 3 and 4 Project CNE Cernavoda;

Cernavoda NPP Units 3 and 4 Status update

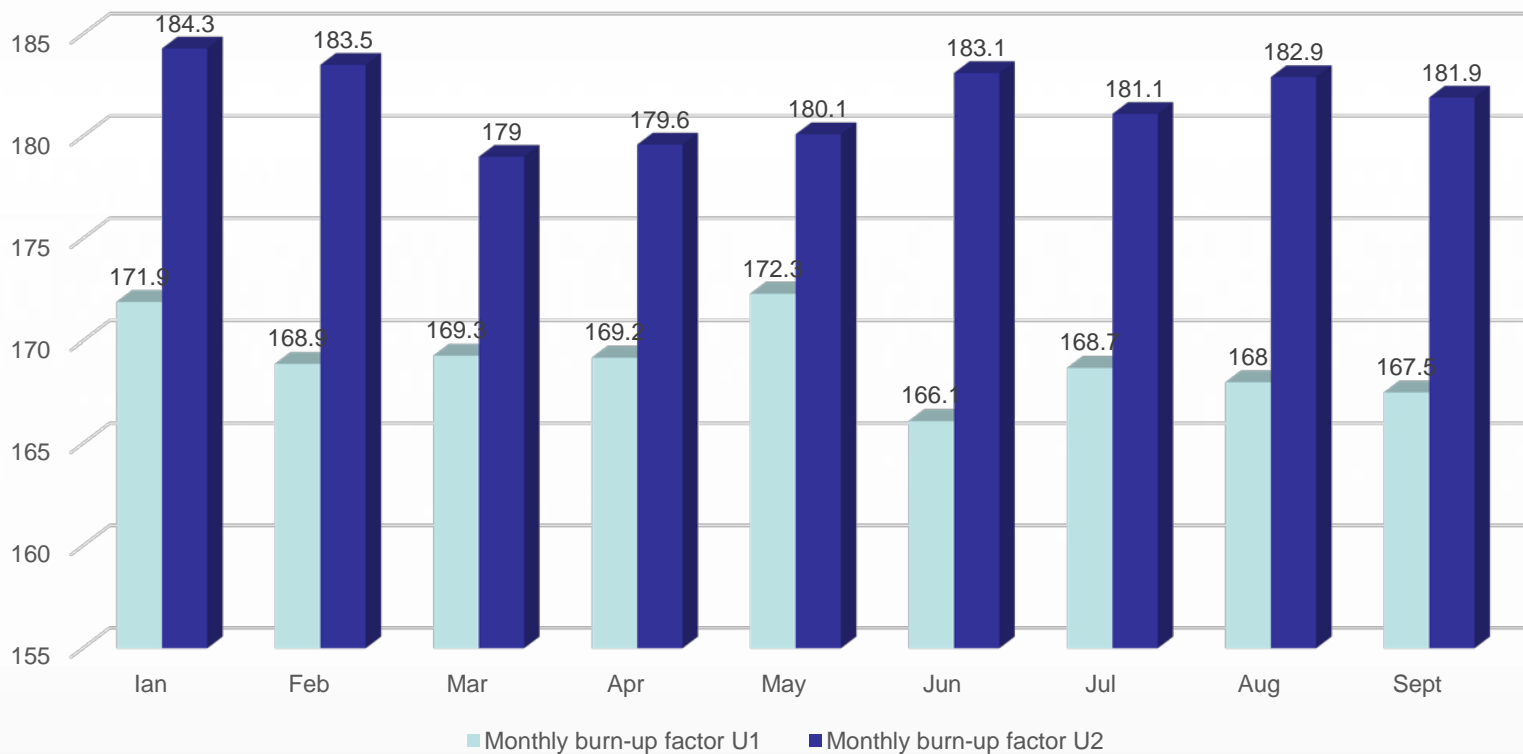
- January 27th, 2016 – transmission by CGN of the amended Investors' Agreement;
- During the period January-May 2016 several negotiation rounds took place between the Negotiation Commission and CGN on the Investment Documents, without reaching their final stage.
- Following the request of the Chinese party from May 5th, 2016, on June 2nd, 2016 the Romanian Government approved the Memorandum with the theme "Continuation of negotiations on the Investment Documents regarding the development, building, operation and decommissioning of Units 3 and 4 from CNE Cernavoda", being approved the continuation of negotiations on the Investment documents under the same conditions of the MoU, for a period of 4 months, starting May 9th, 2016, respectively until September 9th, 2016, applying all the other provisions of the MoU, including the possibility of any party to terminate the MoU 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.
- On July 19th, 2016 the continuation of negotiations was also approved by the SN Nuclearelectrica S.A. GMS under the abovementioned conditions.
- During the period June-August 2016 the fourth and fifth round of negotiations took place, reaching a basic principle for a part of the subjects under divergence, and on August 26th, 2016 the Negotiation Commission sent to CGN the re-drafting of the Investment Documents regarding these subjects.
- On August 29th, 2016 the discussions with CGN restarted, which proposed the continuation of negotiations on the Investment Documents after September 8th, 2016. In this regard, on August 30th, 2016, CGN sent the CGNR-0112/30.08.2016 letter, by which: (i) CGN considers the additional extension of the negotiation graphic until November 30th, 2016, term until which the Parties should finish negotiations on the Investors' Agreement, including clarification of aspects under divergence and obtaining the internal approvals in order to initiate and sign the IA; (ii) confirms the availability to agree upon a negotiation graphic in order to sign the Support Approval for implementing the project to be concluded with the Romanian Government.
- During the period August 29th – September 8th, 2016 were re-discussed and agreed, on a basic level, a great part of the subjects remained under divergence, being necessary the re-drafting of clauses from the Investment's Documents, according to the carried discussions.
- By the SNN GEMS Decision no. 8/17.10.2016 was approved the negotiations on the Investment's Documents under the same conditions of the MoU for the development, building, operation and decommissioning of Units 3 and 4 from CNE Cernavoda ("MoU"), until December 20th, 2016, by applying all the other provisions of the MoU. During October-November are scheduled negotiation sessions in order to finish the Investment's Documents.

Radioactive emissions U1+U2 (μSv)

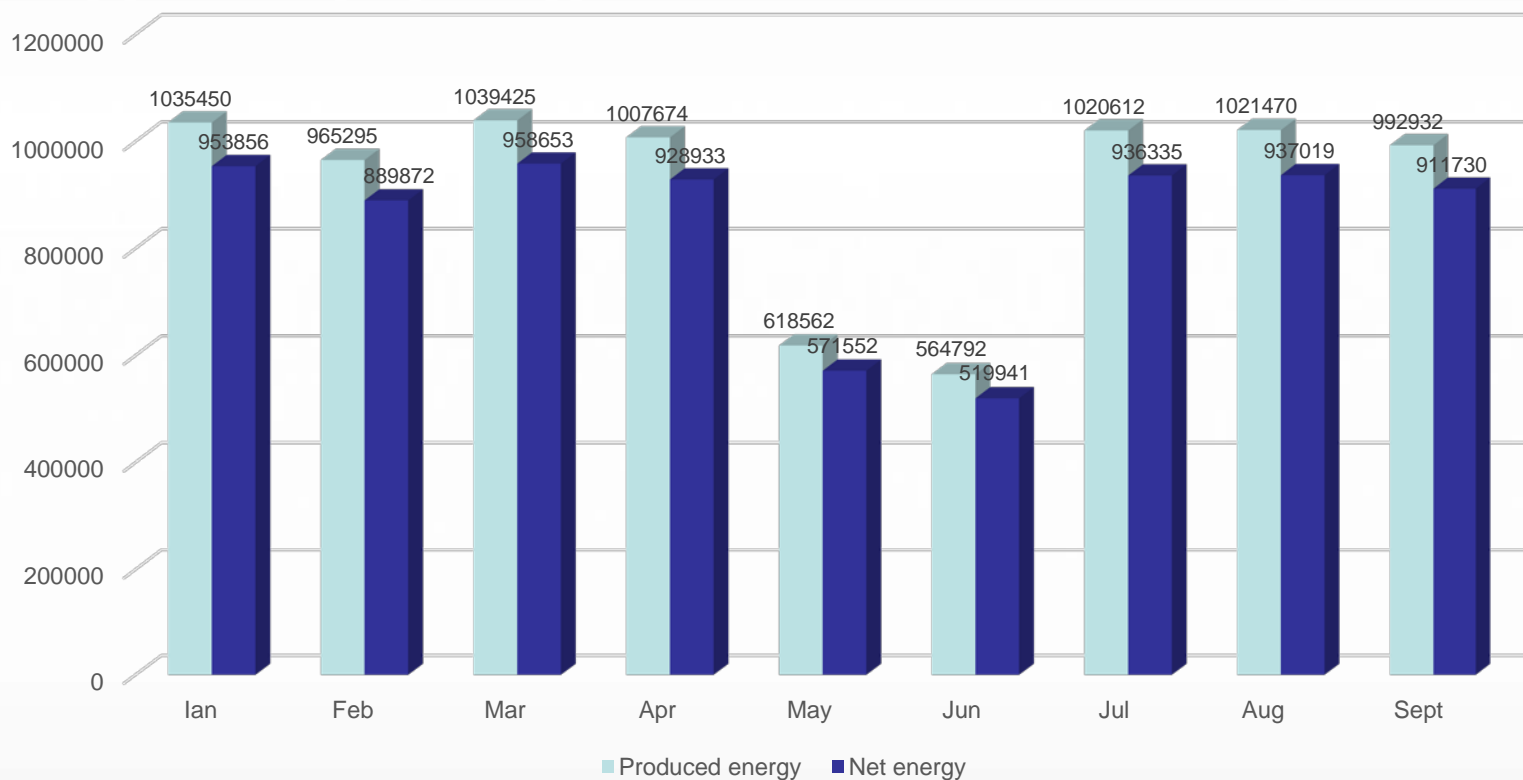


Total 9M 2016:	Annual limit:
4,18	7,50

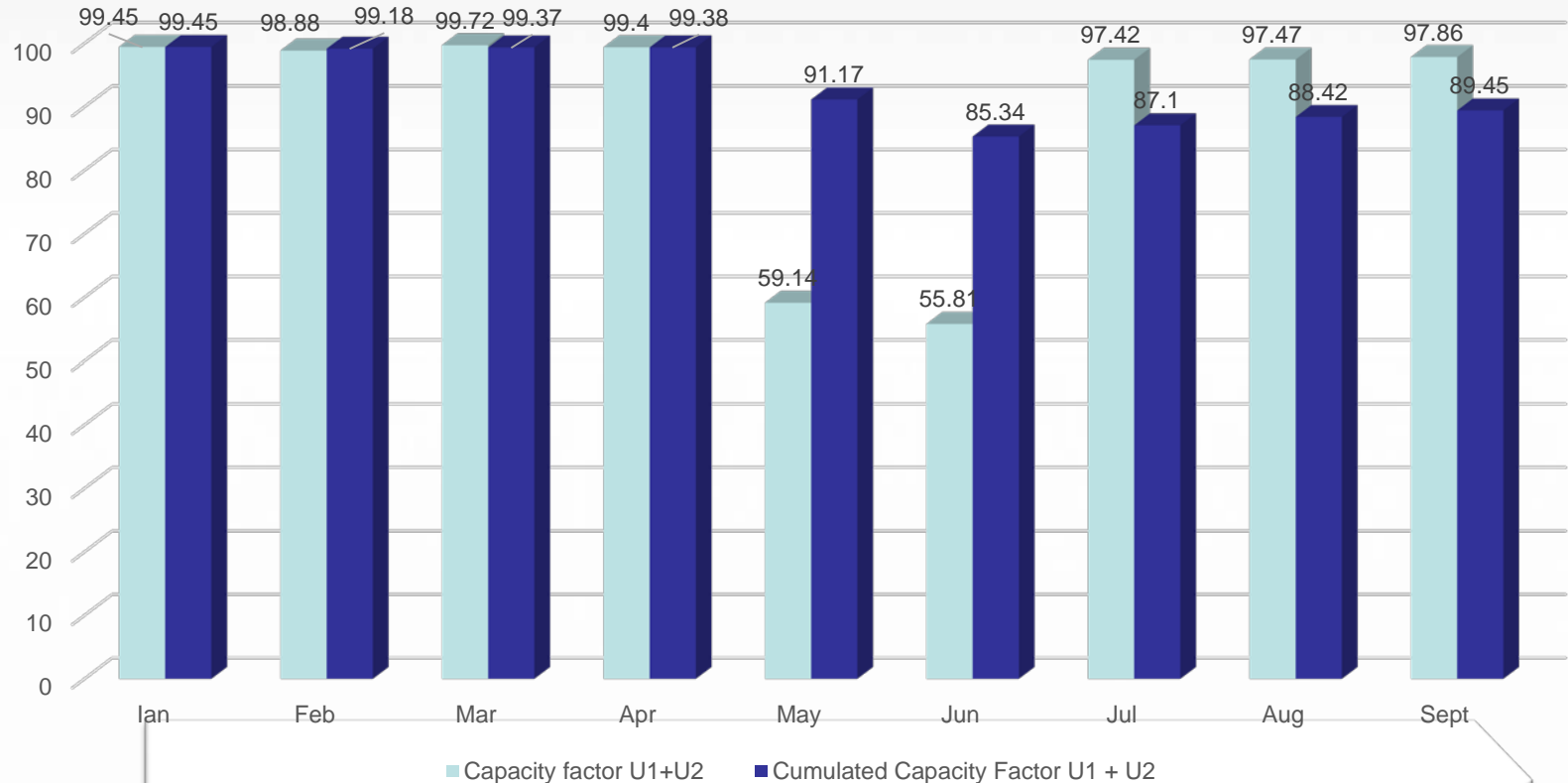
Nuclear fuel burn up factor (MWh/KgU) (Cumulated 9M 2016: 175,41 /Project estimated: 156,00)



Produced electricity/ net U1 + U2 (MWh)
(Produced electricity 9M 2016: 8.266.209 MWh / Net electricity 9M 2016:7.607.891 MWh)
(Cumulated internal technological consumption (9M 2016: 8,04%))



CANDU Technology Unit performance
U1 + U2 (%) Capacity Factor
(Cumulated 9M 2016: 89,45%)



Global Ranking (the latest update by Nuclear Engineering International-August 2016)

- Capacity Factor since in service
- **Unit 2-93,33%** - ranking 2nd at global level;
- **Unit 1-89,77%** - ranking 9th at global level.
- With a Capacity Factor of **91,6% since in service**, Romania continues to rank no. 1 at global level.

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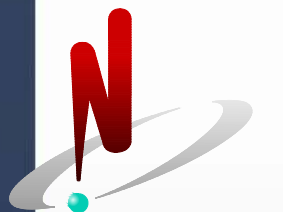
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Thank you!