



**Report date: 11 August 2017**

**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 Law no. 24/2017 regarding issuers of financial instruments and market operations, 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 2017**

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 2017, prepared in compliance with the provisions of the Law no. 24/2017 regarding issuers of financial instruments and market operations, art. 65 and 66 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 Reviewed Individual Interim Condensed Financial Statements as at and for the period of 6 months ended on 30 June 2017, accompanied by the Revision Report of the independent auditor;
- The Reviewed Condensed Consolidated Financial Statements as at and for the period of 6 months ended on 30 June 2017 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 2017.

**Societatea Nationala NUCLEARELECTRICA S.A.**

Strada Polona, nr. 65, sector 1, 010494, Bucuresti, Romania; Tel +4021 203 82 00, Fax +4021 316 94 00;

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

Capital social subscris si varsat: 3.015.138.510 Lei

[office@nuclearelectrica.ro](mailto:office@nuclearelectrica.ro), [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)

## I. Financial results

In the 6 month period ended on June 30 2017, SNN recorded a net profit of 133.780 thousand lei<sup>3)</sup>. The main results are presented below and are extracted from the individual condensed financial statements as at and for the period ended on June 30, 2017:

Thousand Lei	6-month period ended June 30, 2017 (reviewed) <sup>3)</sup>	6-month period ended June 30, 2016 (reviewed, restated) <sup>4)</sup>	Variation (%)
<b>Production (GWh)<sup>1)</sup></b>	5.066	4.804	5,5%
Operating revenues, of which:	892.973	742.247	20,3%
<i>Revenues from electricity sales<sup>2)</sup></i>	869.719	723.764	20,2%
Operating expenses	(499.701)	(487.510)	2,5%
<b>EBITDA</b>	<b>393.271</b>	<b>254.737</b>	<b>54,4%</b>
Depreciation and amortization	(245.976)	(238.405)	3,2%
<b>EBIT</b>	<b>147.295</b>	<b>16.332</b>	<b>801,9%</b>
Net Financial Income / (Expenses)	11.481	(13.485)	N/A
Expenses with the income tax	(24.996)	(1.111)	2.150,0%
<b>Profit / (Loss) Net</b>	<b>133.780</b>	<b>1.736</b>	<b>7.608,1%</b>

<sup>1)</sup> Electricity produced and delivered by Cernavoda NPP in the National Power System.

<sup>2)</sup> Including revenue from the sale of thermal power, insignificant in total revenue.

<sup>3)</sup> The results for the 6 month period ended on June 30, 2017 also include the effects of restating on the first quarter of 2017 following the correction of certain accounting policies errors in net amount of 36.393 thousand lei (details in the financial statements)

<sup>4)</sup> The comparative results for the 6 month period ended on June 30, 2016 were restated, the effect of restating being described in the financial statements.

The main factors that contributed to the results of the first semester of 2017 by comparison with the similar period of last year are:

- **5,5% increase in electricity produced and delivered by Cernavoda NPP**, given the significantly shorter planned outage of the unit that was supposed to enter the planned outage program.
- **Increase in sales revenues by 20,2%** due to both higher electricity deliver by 6,5% and the higher actual average prices by 12,83%. The results were influenced by the energy quantities that SNN has the obligation to sell on the regulated marker as per ANRE decision, but also by the sale mix on the competitive market (term contracts vs deliveries on the spot market).
- **Expenses with depreciation and amortization 3,2% higher** compared to the previous period, based on commissioning certain previous current investments which generated amortization expenses.
- **Operation expenses (other that depreciation and amortization) 2,5% higher**, given that production was 5,5% higher, certain expenses with negative imbalances on the Balacing Market and the energy aquisition related to the unplanned and programmed outages of Unit 1 in the first semester, as well as the impact of certain non-monetary elements such as provision expenses.
- **Net financial income of 11.481 thousand lei** compared to net financial expenses of 13.485 thousand lei in the comparative period, mainly influenced by exchange differences.

The results of the first semester of 2017 include the effect of restating done to correct certain accounting policy errors on the results reported in the first quarter of 2017 in net amount of +36.393 thousand lei; the comparative results were restated accordingly.

## II. Financial position at June 30, 2017

Thousand Lei	30 June 2017 (reviewed)	31 December 2016 (audited, restated)	Variation (%)
Non-current assets	7.144.962	7.330.813	-2,5%
Current assets	2.103.411	2.014.607	4,4%
<b>Total assets</b>	<b>9.248.373</b>	<b>9.345.420</b>	<b>-1,0%</b>
Non-current liabilities	1.307.154	1.420.338	-8,0%
Current liabilities	434.159	450.313	-3,6%
<b>Total liabilities</b>	<b>1.741.313</b>	<b>1.870.651</b>	<b>-6,9%</b>
<b>Shareholders' equity</b>	<b>7.507.060</b>	<b>7.474.769</b>	<b>0,4%</b>
<b>Total shareholders' equity and liabilities</b>	<b>9.248.373</b>	<b>9.345.420</b>	<b>-1,0%</b>

**Non-current assets** registered a slight decrease compared to the level recorded at December 31, 2016, mainly due to lower net value of tangible assets by recognizing amortization for the period January to June 2017. The impact of the amortization period was partially offset by investments made primarily in projects under execution related to Units 1 and 2 of Cernavoda NPP.

**Current assets** registered an increase of 4.4% compared to December 31, 2016, mainly due to the 6.8% increase in cash availability (cash and cash equivalents and bank deposits with a maturity of more than three months), as well as to the reduction of trade receivables and other receivables with 17%, influenced mainly by the contractual provisions (advance payment versus payment after the delivery of the electricity).

**Long-term liabilities** decreased by 8.0% compared to the values registered at 31 December 2016. The decrease is due to the repayment of the outstanding bank loans related to the external credits contracted with Societe Generale and EURATOM for the realization and commissioning of the Cernavoda NPP Unit 2, the reclassification of the due installments from the non-current portion to the current portion of the liability, along with the maturity of the credits; this reduction was partially offset by the increase of the long term obligations regarding employees benefits.

**Current liabilities** decreased by 3.6% compared to the December 31, 2016. This is mainly influenced by the decrease in commercial and other debt by 8%, as well as the decrease in the current portion of long-term loans by 6%, following the completion of the reimbursement of one of the previously mentioned long term contracted credits. The reduction of these liabilities was partially offset by the increase in the deferred income, following the conclusion of energy sale contracts with advance payment of the delivered electricity for deliveries in the upcoming period.

### III. Electricity generation

In the first half of 2017, the two units of the Cernavoda NPP produced an amount of electricity of 5,519,639 MWh (gross) (out of which 2.516.008 MWh in the second quarter of 2017); out of this gross production, the technological consumption of the Units during operation as well as during the outages ensured out of the production was of 454 thousand MWh in the first half of 2017 (out of which 217 thousand MWh in the second quarter of 2017).

**Thus, the electricity produced and delivered in the National Power System (“SEN”) was of 5.065.688 MWh in the first semester of 2017, compared to the similar period of 2016 (4.803.816 MWh), representing an increase of 5,45% ; in the second quarter of 2017, the quantity of electricity produced and delivered to SEN was of 2.299.377 MWh, with an increase of 14,89% compared to the level registered in the first quarter of 2016 of 2.001.435 MWh.**

**The installed capacity factor** registered by each unit of the Cernavoda NPP in the second quarter of 2017 and cumulatively since commissioning into commercial operation (Unit 1 on 2 December 1996, Unit 2 on 1 November 2007) until 30 June 2017 it was as follows :

Unit	Cumulated Q1 2017	April 2017	May 2017	June 2017	Cumulated H1 2017	Cumulated since in service
CNE Cernavoda						
Unit 1	98,24%	101,11%	86,54%	94,93%	96,16%	90,51%
Unit 2	100,03%	99,62%	17,14%	93,78%	84,73%	94,27%

The lower value of the installed capacity factor at Unit 2 of Cernavoda NPP reflects the planned 26.5 days (635.6 hours) outage, registered as of May 6, 2017 and completed on June 2<sup>nd</sup>, 2017.

### IV. Sale income and price evolution

#### Electricity sales (quantities, prices and values) in the first semester of 2017

Sales by types	Quantities in MWh	% of total sales	Price [lei/MWh with Tg included]	Sales of electricity [lei]
Regulated contracts	414.289	8,06%	161,03	66.713.219
Sales on the competitive market (bilateral contracts and sales on PZU and PI), out of which :	4.711.202	91,67%	171,02	805.722.127
- Sales on contracts CMBC - LE, CMBC – CN, PCSU and supply agreement	3.490.032	67,91%	161,80	564.694.068
- Sales on PZU and PI	1.221.170	23,76%	197,37	241.028.059
Positive balances on balancing market *)	13.651	0,27%	191,97	2.620.544
<b>Total sales in the first semester of 2017</b>	<b>5.139.142</b>	<b>100%</b>	<b>170,27</b>	<b>875.055.890</b>

\*) Note: 32.308 lei of the presented value represents redistributed revenues resulting from the balancing of the system, based on the application of the ANRE Order No: 51/2016 .

The revenues generated on the electricity supply market in the first semester of 2017 are of 875.055.890 lei (of which 32.308 lei represent redistributed revenues resulting from the balancing of the system, based on the application of the ANRE Order no: 51/2016), higher by 6.67% compared to the value envisaged in drawing up the income and expenses for H1 2017 and 17.93% higher compared to the achievements in the same period last year .

The weighted average sales price for energy sales (without PE) resulting in the first half of 2017 is 170,21 lei / MWh (including Tg). In the first half of 2016, the weighted average sales price for the sold energy (without PE) was 154,09 lei / MWh (including Tg) .

The quantities of energy sold on the basis of the contracts concluded on the regulated market were in compliance with the ANRE Decision no. 1960 / 14.12.2016. The regulated quantities established by ANRE for 2017 were of 5,85% of the scheduled production and the quarterly break down of this quantity represents 8.33% of the scheduled production for the first half of 2017 and respectively 3,58% of the scheduled production for the second half of 2017. The regulated quantity established by ANRE for 2016 was of 14,42% of the scheduled production.

As per ANRE Decision no. 1960 / 14.12.2016, the regulated price established for SNN is of 159.57 lei / MWh (without Tg) for the year 2017. This represents a decrease of 1.93% of the regulated price established in 2016 on the regulated market by the ANRE Decision no. 2562 / 16.12.2015, whose value was 162,71 lei / MWh (without Tg) .

The quantities of energy sold on the competitive market of bilateral contracts represented in the first half of 2017 a percentage share of 67.91% of the total volume of sold energy. The average selling price on bilateral contracts in the first half of 2017 was 161,80 lei / MWh (with Tg included), recording a 3% decrease compared to the average price recorded in the first half of 2016, 166,87 Lei / MWh (with included Tg), while the Tg in the first semester of 2016 was higher by 2,70 lei/MWh.

On the spot market, in the first half of 2017, a quantity of energy was sold representing 23.76% of the total sales volume, compared to a 31.95% percentage share registered in the first half of 2016. The average selling price achieved by SNN on the energy market during this period was of 197,37 lei / MWh (with included Tg) compared to 127,03 lei / MWh (with Tg included) registered in the same period of 2016.

## V. Investment program on June 30, 2017

The total value of SNN's investment program for 2017 is of RON 231.593 thousand (excluding the debt service payment component related to the long term borrowings), approved by the Decision no. 1 / 29.03.2017 of the Ordinary General Meeting of Shareholders of SNN .

The structure of SNN's investment program for 2017, as well as its execution on June 30, 2017 is presented in the table below:

Current investments [thousand lei]	New investments [thousand lei]	Investments on tangible assets (modernizations) [thousand lei]	Endowments [thousand lei]	Total investment program [thousands lei]	Execution on 30.06.2017 (%)
119.255	19.828	7.566	84.944	231.593	20,98%

As in the previous years, long-term investments (ongoing) have the largest weight within the investment program. This is due to the modernization/replacement/upgrading necessities, economic necessities-reduction in specific consumption, the improvement of certain parameters specific to related processes with positive impact on efficiency, or legal necessities-implementation of nuclear safety, environmental protection and labor security related improvements, representing requirements from the regulatory authorities (CNCAN and the Ministry of Environment).

The investment program for 2017 was drafted from a value point of view, considering the ongoing contractual obligations, the estimations regarding investment objectives which will be carried out in the following year, including the amounts allocated to investment projects which imply the fulfilment of certain requirements outside of SNN's control (for example: preliminary approvals issued by regulatory authorities, legal deadlines related to the unfolding of procurement procedures including litigations, obtaining the necessary approvals from SNN corporate bodies etc), in order to allow the implementation of these projects within the approved budgets.

**In analysing the value of the investment program, we must take into consideration the fact that it may differ from the degree of physical completion: thus, if the investment project was completed successfully, the degree of physical completion is of 100% but the degree of value completion may be subunitary, respectively lower than 100%, if the project was implemented at a cost lower than the budgeted amounts; these savings represent benefits for the company, because the same benefits of the project are obtained with less resources.**

The main investments are related to the operation of Units 1 and 2 and are acknowledged in the investment category only those expenses that fulfil the criteria of acknowledgement as asset; with the exception of the capitalized expenses, the annual and multi-annual preventive and corrective maintenance programs involve the allocation of the necessary funds which are to be found in the operation expenses of the period in which they appear (example: repairs and maintenance, spare parts, etc).

For any details please contact us at: [investor.relations@nuclearelectrica.ro](mailto:investor.relations@nuclearelectrica.ro)

**Daniela Lulache**  
**Director General**