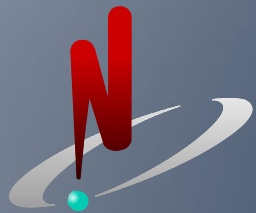




## SNN Investors Teleconference

Financial results for the period of three months  
ended 31<sup>st</sup> March 2017  
-Q1 2017-



NUCLEARELECTRICA  
POWERed by people

Bucharest: May 12<sup>th</sup>, 2017

## Q1 2017 financial result highlights

RON '000	Q1 2017	Q1 2016	Var. (%)	Budget Q1 2017	Var. (%)
Quantity of energy sold (MWh)	2,789,218	2,810,749	-0.8%	2,767,838	0.8%
Sales of electricity (including thermal energy)	483,910	446,432	8.4%	467,838	3.4%
Operating expenses	(264,625)	(259,402)	2.0%	(322,573)	-18.0%
EBITDA	230,372	195,033	18.1%	169,378	36.0%
EBIT	107,479	75,977	41.5%	45,394	136.8%
<b>Net profit</b>	<b>84,052</b>	<b>66,861</b>	<b>25.7%</b>	<b>36,887</b>	<b>127.9%</b>

**Nuclearelectrica net profit for Q1 2017: 84,052k RON (25.7% above Q1 2016)**

### Main drivers:

- Continuous liberalization of electricity market led to a decrease in quantity to be sold on regulated market for 2017, but the delivery schedule established by ANRE for SNN was distributed unevenly over the year (12M 2017: 5.85%, distributed in Q1 2017: 11,5% out of electricity production plan)
- The schedule established by ANRE for SNN was concentrated on peak hours, when the market recorded the highest prices in Q1 2017
- Increase in sales of electricity on DAM market, following an increase of 20% in quantity and an increase of 87% in price, following the market trend as compared to Q1 '16
- Increase in cost of traded electricity, due to one unplanned outage, caused by weather conditions and one scheduled outage, both occurred in January 2017 at Unit 1, that led to the necessity to buy electricity from the spot market at higher market prices in order to meet contractual demands, as well as balancing costs
- Increase in operating expenses due to the recognition of a provision related to an employees' benefit to be paid after retirement that caused an increase of 13% of personnel expenses as compared to Q1 '16
- Negative financial result recorded in Q1 '17, compared to a positive financial result in Q1 '16

**Operational profit** for Q1 2017: 107,479k RON, 41.5% above Q1 2016 (75,977k RON)

**EBITDA** for Q1 2017: 230,372k RON, 18.1% above Q1 2016 (195,033k RON)

## Q1 2017 Financial position

RON'000	31.mar.17	31.dec.16	Variation
<b>Total non-current assets</b>	<b>7,248,250</b>	<b>7,330,813</b>	<b>-1.1%</b>
Inventories	318,729	331,057	-3.7%
Trade and other receivables	180,156	174,763	3.1%
Cash and cash equivalents (incl. deposits)	1,661,768	1,508,788	10.1%
<b>Total current assets</b>	<b>2,160,653</b>	<b>2,014,607</b>	<b>7.2%</b>
<b>Total assets</b>	<b>9,408,903</b>	<b>9,345,420</b>	<b>0.7%</b>
Share capital and premium	3,242,115	3,242,115	-
Prepaid share reserve	21,554	21,554	-
Revaluation reserve	259,014	265,842	-2.6%
Retained earnings	4,067,983	3,977,102	2.3%
<b>Total shareholder's equity</b>	<b>7,590,665</b>	<b>7,506,613</b>	<b>1.1%</b>
Long term borrowings	1,058,668	1,087,962	-2.7%
Other non-current liabilities	340,213	338,441	0.5%
<b>Total non-current liabilities</b>	<b>1,398,881</b>	<b>1,426,403</b>	<b>-1.9%</b>
Accounts payable and other liabilities	202,572	191,474	5.8%
Current portion of long term borrowings	216,785	220,930	-1.9%
<b>Total current liabilities</b>	<b>419,357</b>	<b>412,404</b>	<b>1.7%</b>
<b>Total liabilities</b>	<b>1,818,238</b>	<b>1,838,807</b>	<b>-1.1%</b>
<b>Total equity and liabilities</b>	<b>9,408,903</b>	<b>9,345,420</b>	<b>0.7%</b>

### Non – current assets

- No significant changes in PPE
- The investments capitalized during Q1 2017, mainly for the fixed assets in progress for U1 and U2, compensates partially the amortization expenses.

### Net cash position

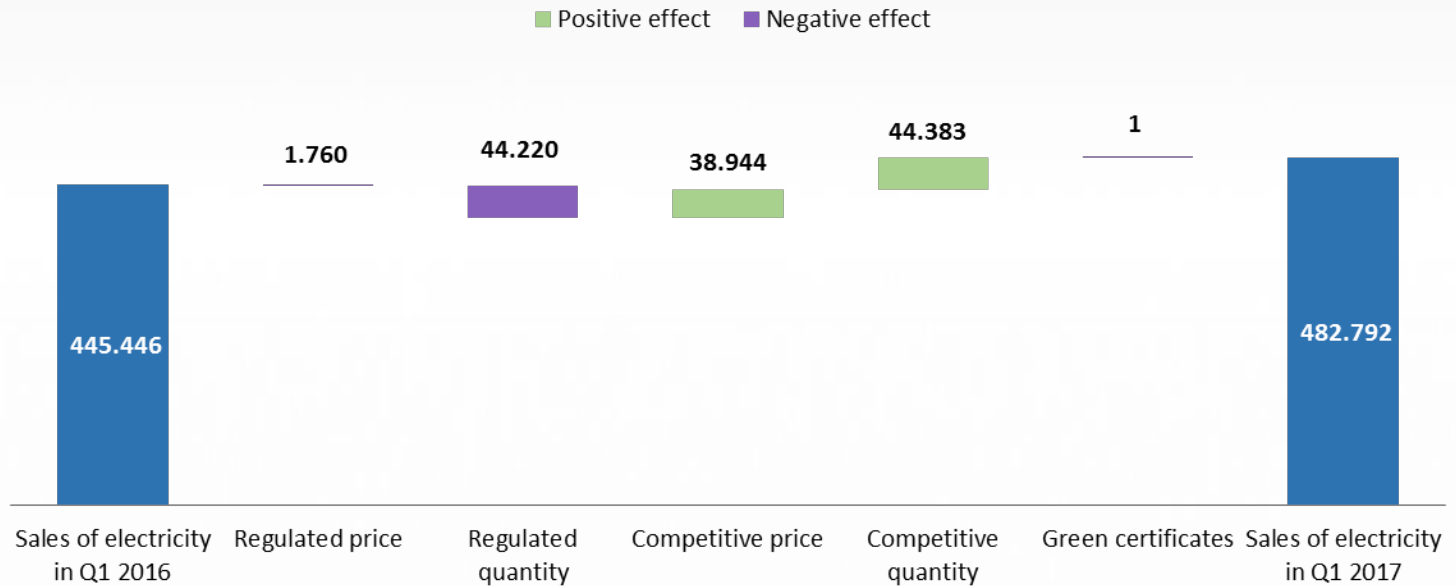
- Cash and cash equivalents (plus deposits >3M maturity) increased with 10% as at March 31, 2017 compared to December 31, 2016, while the outstanding balance of long term borrowings (including current portion) decreased with 3%, thus the net cash position increased with approximate 93% (from 199 Mil. RON to 386 Mil. RON).
- The decrease in long term borrowings is explained by the reimbursements of loans contracted for the commissioning of Unit 2, denominated in fx (mostly EUR and CAD).

### Current liabilities

- Accounts payables and other liabilities increased with 6% from December 31, 2016 to March 31, 2017, following an increase of 118% in advance payments from customers, related to electricity to be delivered after the reporting period

## Sales of electricity in Q1 2017 increased by 8.4% compared to Q1 2016

### Electricity sales evolution (RON'000)



Total quantities of electricity sold in Q1 2017 decreased by 1% compared to Q1 2016, mainly due to an unplanned outage and one scheduled outage of Unit 1 in January 2017. The electricity sales benefited of the increase in weighted average selling prices.

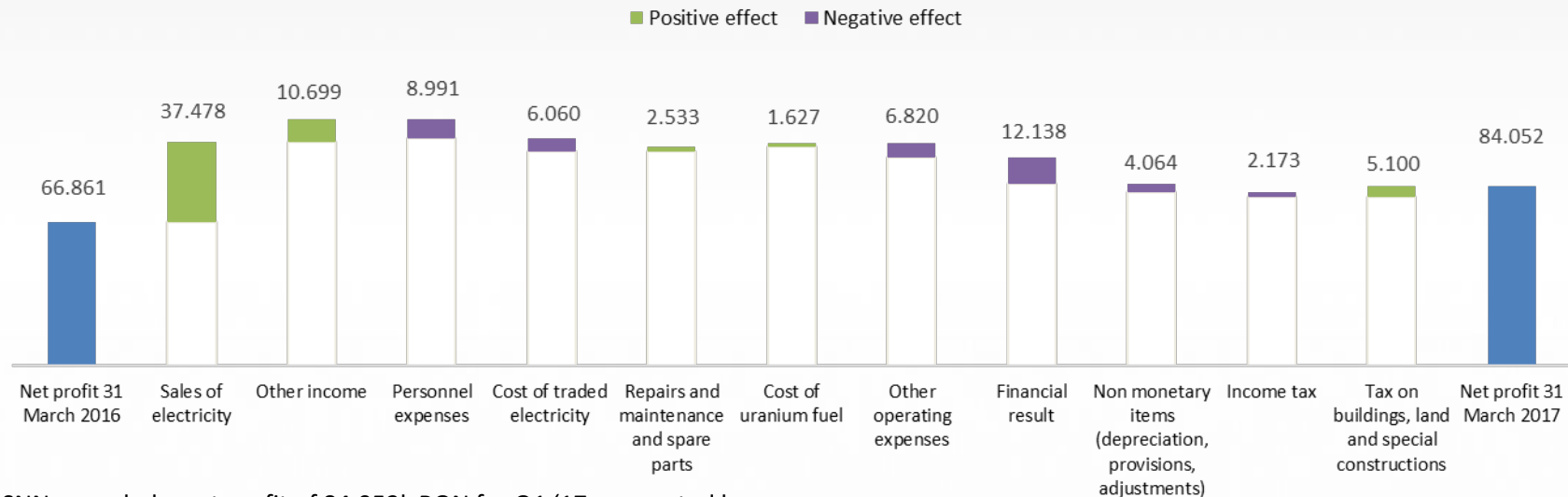
The sales structure in Q1 2017 changed compared to Q1 '16, as follows:

- Sales on regulated market decreased from 22% out of the total sales of Q1 '16 to 10% in Q1 '17
- Sales on bilateral contracts market represents 69% out of the total sales of Q1 '17, similar with Q1 '16
- Sales on DAM market (PZU) increased from 10% in Q1 '16 to 20% out of the total sales of electricity in Q1 '17

The main influences over the electricity sales structure and evolution come from the decrease of 48% in the quantity sold on regulated market and increase of 11% in the quantity sold on competitive market, corroborated with an increase of 11% in the weighted average selling price on competitive market.

## Net profit Q1 2017 increased by 25,7% compared to Q1 2016

### Net result evolution (RON'000)



SNN recorded a net profit of 84,052k RON for Q1 '17, generated by:

- Operating profit of 107,479k RON (Q1 '16: 75,977k RON) – 42% increase;
- Negative financial result of 1,838k RON, compared to positive financial result in Q1 '16 of 10,300k RON.

The evolution of the net profit benefited mainly from:

- Increase in sales of electricity (including sales of thermal energy) by 8,4% in Q1 '17 compared to Q1 '16
- The decrease in tax on buildings and land, due to a discount of 10% received from the local authority for early payment (4.117k RON) and also due to the elimination of the tax on special construction in 2017 (2016: 983k RON)
- Other income (including work in progress variation) had a positive impact over the net result.

Main elements that influenced negatively the net operating result are:

- Increase in personnel expenses, mainly due to the recognition of a provision regarding employee benefits granted after retirement starting with 2017, representing the actuarial equivalent of 1200 kW/year given after the retirement date, based on the criteria established in the collective labor agreement, as appraised by the actuary expert employed by the company at 9,4 mil RON;
- Increase in cost of traded electricity, due to one unplanned outage and one scheduled outage in January 2017 at Unit 1;
- Increase of other operating expenses by 9% compared to Q1 2016.

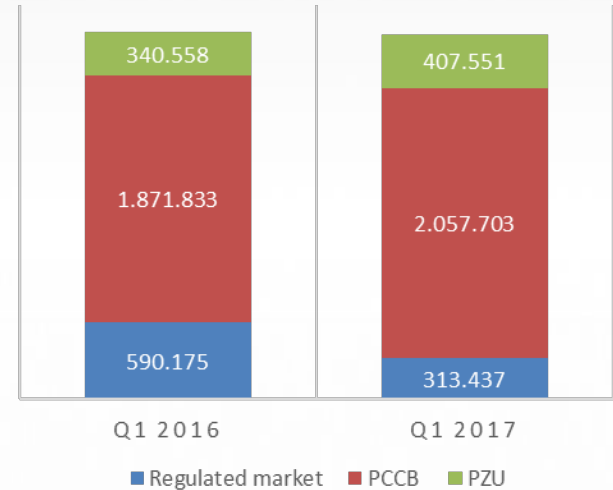
## Sales structure analysis Q1 2017 vs. Q1 2016

The main influence over the sales structure comes from the decrease with 47% of the quantities sold on regulated market and increase of 11% of the quantities sold on competitive market, corroborated with a decrease of 2% in the regulated selling price and an increase of 11% in the weighted average selling price on competitive market

- The quantity established by ANRE to be sold on regulated market decreased for 2017 from 14,42% to 5,85%, but with an uneven distribution over the 12 months, thus for Q1 '17 the quantity established and sold was of 11,5%; also, the schedule established by ANRE covered mostly the peak hours, when the market records the highest prices; as a consequence, SNN could not benefit entirely from the market conditions, but obtained results that followed the general market trend;
- SNN's sales share on the bilateral contracts market (PCCB) increased, reaching 74% in Q1 '17 compared to 67% in Q1 '16, while the weighted average price recorded a slight decrease of 0,5% for this segment;
- On DAM, the quantities of electricity sold increased to 15% in Q1 '17, compared to 12% in Q1 '16, benefiting also by an increase of 87% of the average price. The price obtained by SNN in Q1 '17 followed the market trend, as the average prices published by OPCOM for DAM sales in Q1 2017 were as follows:
  - January 2017: 337,74 RON/MWh
  - February 2017: 243,14 RON/MWh
  - March 2017: 165,54 RON/MWh
- Total quantity sold, slightly decreased with 1% in Q1 '17 compared to Q1 '16, due to one unplanned outage and one scheduled outage at Unit 1 in January 2017

### Sales structure Q1 2017 vs Q1 2016

Quantities sold on market types (MWh)



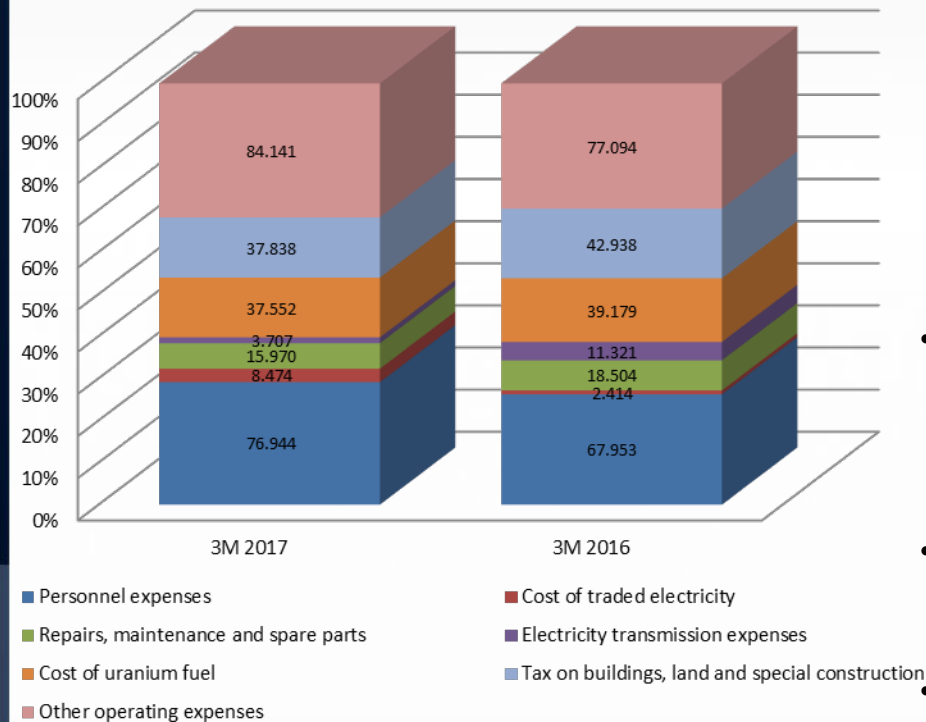
Sales price Q1 '17 vs. Q1 '16 (RON/MWh, w/out Tg)

	Q1 2017	Q1 2016	Var (abs)
Regulated market	159,79	162,77	-1,8%
PCCB	163,01	163,88	-0,5%
PZU	233,23	124,62	87,1%

	Q1 '17 Actual (MWh)	Q1 '16 Actual (MWh)	Var. Q1 '17 vs Q1 '16	Q1 '17 Budgeted (MWh)	Var. Q1 '17 Actual vs. Budget
Regulated market	313.437	590.175	-47%	313.437	0,0%
PCCB	2.057.703	1.871.833	10%	2.053.537	0,2%
PZU(DAM)	407.551	340.558	20%	396.607	2,8%
<b>TOTAL</b>	<b>2.778.691</b>	<b>2.802.566</b>	<b>-1%</b>	<b>2.763.582</b>	<b>0,5%</b>

## OPEX higher by 2% compared to Q1 2016

Operating expenses ('000 RON)



**Personnel expenses:** increase by 13% compared to 3M 2016, due to the recognition in Q1 '17 of a provision regarding employee benefits granted after retirement starting with 29.03.2017, representing the equivalent of 1200 kW/year given after the retirement date, valued by the actuary expert employed by the company at 9,4 mil RON, based on the actuarial report;

- **Cost of traded electricity:** increased in Q1 '17 compared to Q1 '16 due to one unplanned and one scheduled outages occurred in Q1 '17. In order to cover contracted sales during these outages, SNN purchased electricity on the spot market - 22,909 MWh in Q1 '17 (8,364 MWh in Q1 '16), an increase of 174%. A portion of 82% of the quantity come from the balancing market, where the quantities (negative imbalances) increased by 128%. The acquisitions from the spot market were made at higher market prices: Q1 '17: 369,91 RON/MWh (Q1 '16: 288,60 RON/MWh, respectively an increase of 28,2%).
- **Cost of uranium fuel:** decreased with 4,2% due to the decrease in the average acquisition cost of sintered uranium dioxide powder used in the production of fuel bundles, which was consumed at an average cost of 416,38 RON/kg (WAC), coming from the existing stock as at 31 December 2016 and also acquired during the period from Cameco Inc.
- **Electricity transmission expenses:** decreased by 67% due to the decrease in the level of electricity transmission tariff into the grid. The tariff decreased from 4,04 RON/MWh to 1,34 RON/MWh starting with July 1<sup>st</sup> 2016.
- **Tax on buildings, land and special constructions:** the decrease by 11.9% is explained mostly by the discount received from local fiscal authorities for early payment (10% discount, in Cernavoda) and also by the elimination of tax on special constructions starting 2017 (2016: 983k RON).

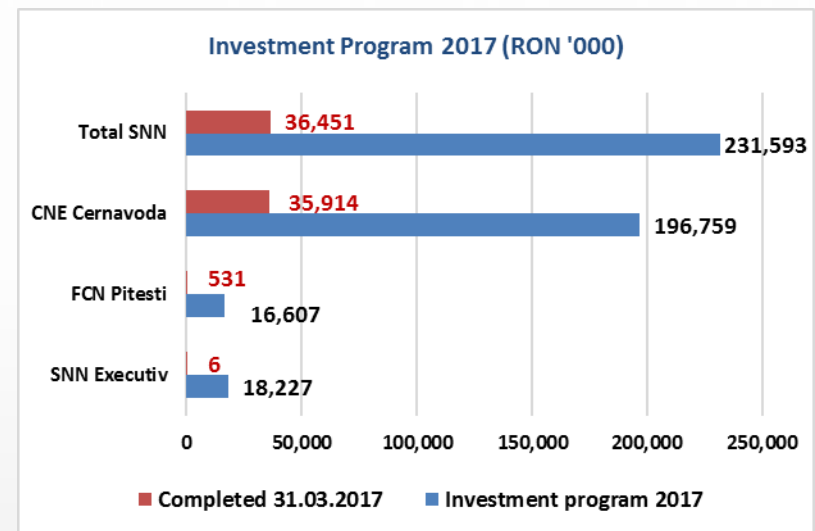
## CAPEX

### Key investments projects 2017

Project code	Investment project	Budgeted 2017 (k' RON)	Completion 31.03.2017 (k' RON)	Completion stage as at 31.03.2017 (%)
PJ-05-016	Intermediate Dry Spent Fuel Storage Facility (including Spent Fuel Loading Station U #2)	23,743	7,719	32.51%
PJ-04-001	Upgrading and expansion of the physical protection system	16,150	-	0.00%
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	41,079	2	0.00%
<b>Total</b>		<b>80,972</b>	<b>7,721</b>	<b>9.54%</b>

### CAPEX

- The planned completion stage for the key investments projects approved by GSM/29.03.2017 for Q1 2017 was of 5% (as compared to 9,54% realized);
- Total value of investment program of SNN for 2017 is of RON 231,6 mil. out of which CNE Cernavoda investment plan represents 85% and FCN Pitesti investment plan 7% of total value.
- The total completion stage for SNN investment program as at 31 March 2017 is of 15.74% .

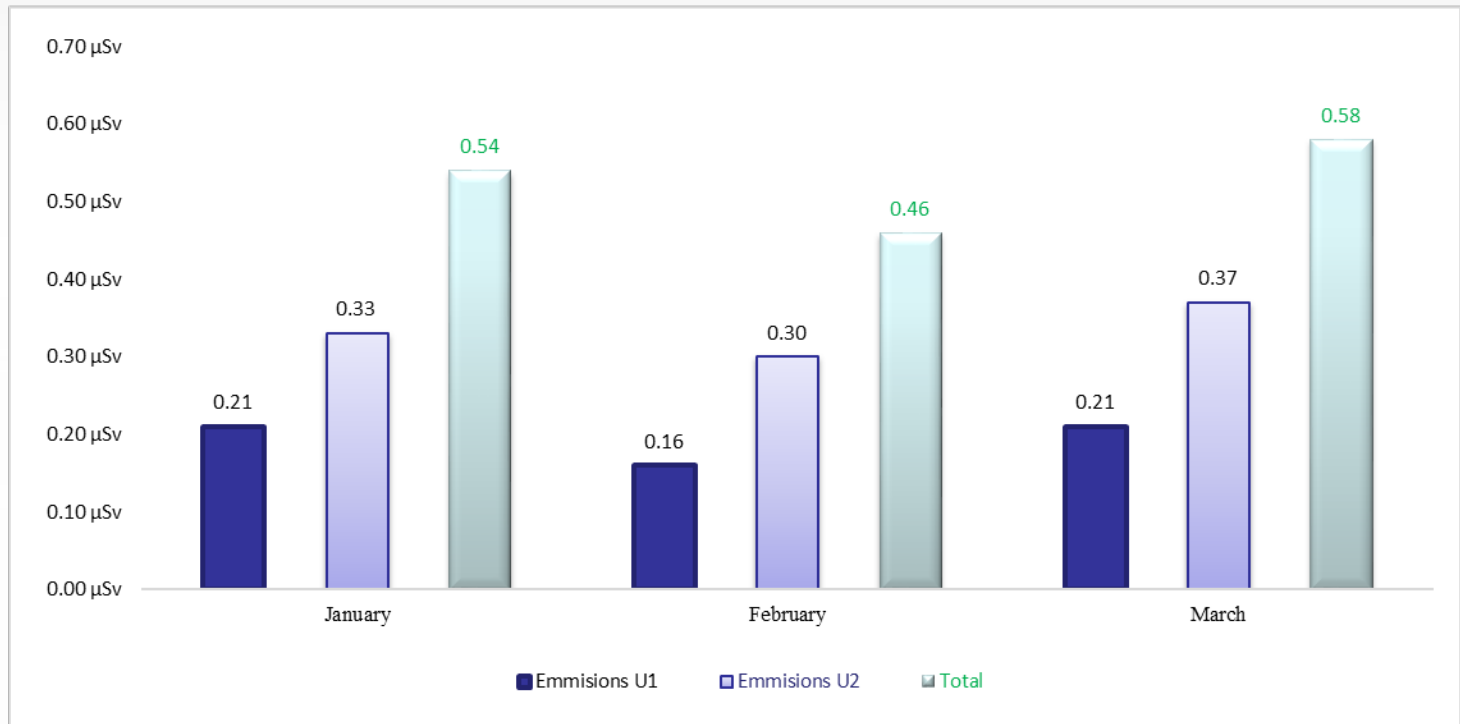




## Q1 2017 Income statement

RON'000	01.01.2017 - 31.03.2017	01.01.2016 - 31.03.2016	Var %	Budget 3M ended 31.03.2017	Variation Q1 2017 vs Budget
<b>Revenues</b>					
Sales of electricity	483,910	446,432	8.4%	467,838	3%
Electricity transmission revenues	3,707	11,321	-67.3%	3,642	1.8%
<b>Total revenues</b>	<b>487,617</b>	<b>457,753</b>	<b>6.5%</b>	<b>471,480</b>	<b>3.4%</b>
Other income	7,380	(3,319)	n/a	20,471	-63.9%
<b>Operating expenses</b>					
Personnel expenses	(76,944)	(67,953)	13.2%	(74,954)	2.66%
Cost of traded electricity	(8,474)	(2,414)	251.1%	(30,170)	-71.9%
Repairs and maintenance	(12,214)	(16,749)	-27.1%	(16,484)	-25.9%
Electricity transmission expenses	(3,707)	(11,321)	-67.3%	(3,642)	1.8%
Costs with spare parts	(3,756)	(1,754)	114.1%	(4,304)	-12.7%
Cost of uranium fuel	(37,552)	(39,179)	-4.2%	(33,170)	13.2%
Other operating expenses	(121,978)	(120,031)	1.6%	(159,849)	-23.7%
<b>Total operating expenses</b>	<b>(264,625)</b>	<b>(259,402)</b>	<b>2.0%</b>	<b>(322,573)</b>	<b>-18.0%</b>
<b>EBITDA</b>	<b>230,372</b>	<b>195,033</b>	<b>18.1%</b>	<b>169,378</b>	<b>36.0%</b>
Depreciation and amortisation	(122,893)	(119,055)	3.2%	(123,984)	-0.9%
<b>EBIT</b>	<b>107,479</b>	<b>75,977</b>	<b>41.5%</b>	<b>45,394</b>	<b>136.8%</b>
Finance costs	(19,133)	(22,106)	-13.4%	(24,396)	-21.6%
Finance income	17,295	32,406	-46.6%	26,015	-33.5%
Income tax charge, net	(21,589)	(19,415)	11.2%	(10,126)	113.2%
<b>Net profit</b>	<b>84,052</b>	<b>66,861</b>	<b>25.7%</b>	<b>36,887</b>	<b>127.9%</b>

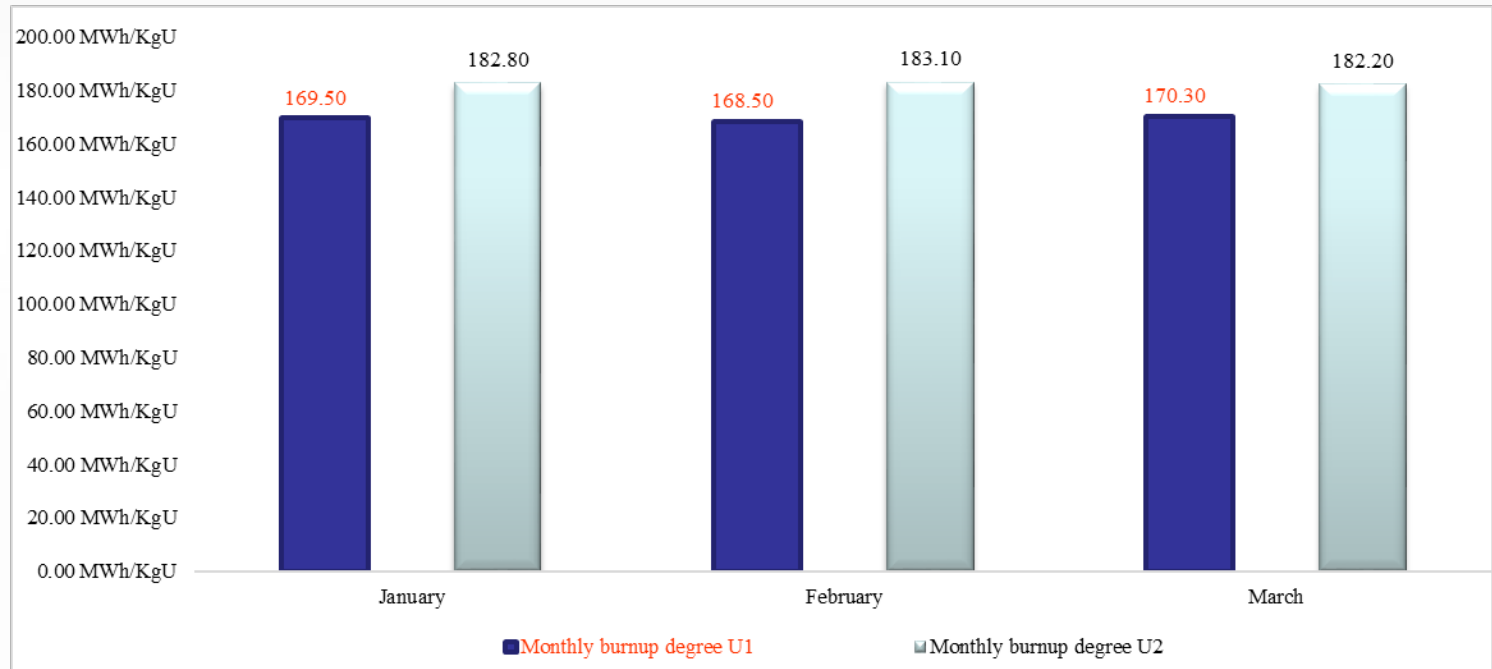
## Radioactive emissions U1+U2 (μSv)



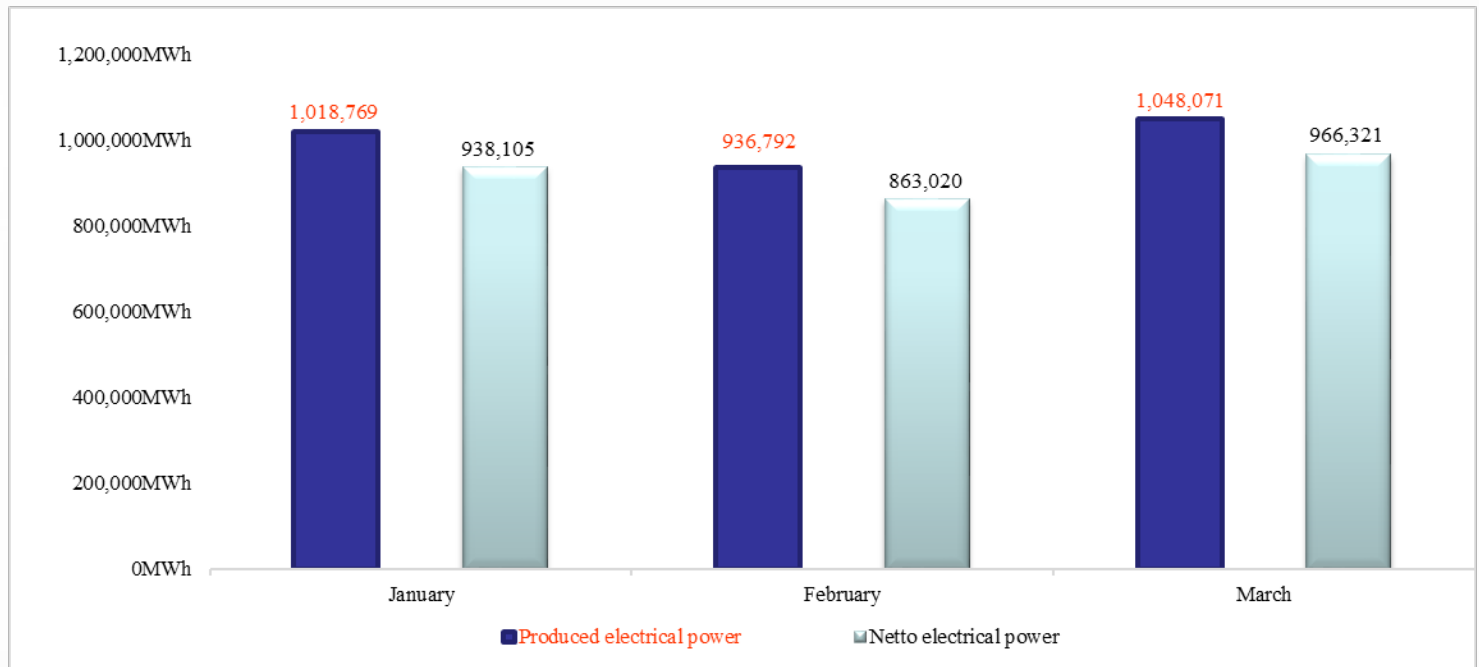
Total Q1 2017:	Annual limit:
1,58	8,50

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

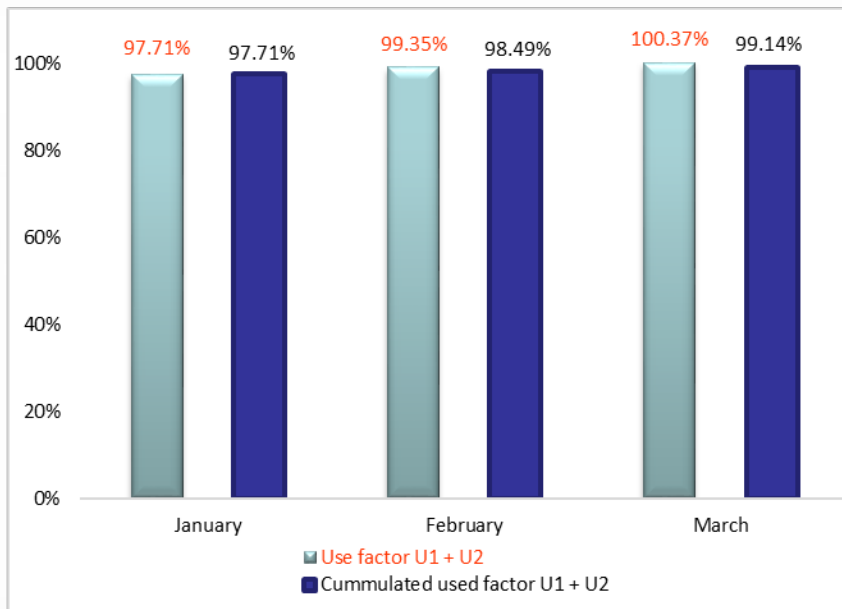
## Nuclear fuel burn up factor (MWh/KgU) (Cumulated Q1 2017: 176,00 / Project estimated: 156,00)



**Produced electricity/net U1 + U2 (MWh)**  
**(Produced electricity Q1 2017: 3.003.621 MWh / Net electricity delivered Q1 2017: 2.767.440 MWh)**  
**(Cumulated internal technological consumption (Q1 2017: 7,87%))**



## CANDU Technology Unit performance U1 + U2 (%) Capacity Factor (Cumulated Q1 2017: 99.14%)



### Outstanding operational results

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

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

## Aspects related to main investments and long term strategic projects

**Unit 1 Refurbishment program** – effective shut down of Unit 1 to occur between 2023-2026, with a duration of 1,5-2 years and a cost estimated at 1,2-1,5 billion EUR (data based on benchmarking)

The refurbishment process consists in 3 important phases:

- 1. Defining the project:** assessment of the structures, systems and components of the power plant, elaboration of documents among which: Periodic review of nuclear safety, Execution plan of the project and Feasibility Study. SNN is currently in full assessment process with an aim to update the refurbishment strategy which was approved in December 2013 by SNN's GMS, for a clear roadmap of the project.
  - 2. Pre-Outage Project implementation**
  - 3. Effective project implementation**
- The effective date of commencement of Unit 1 refurbishment shall be influenced by the possibility to extend the initial hours of operations beyond 210.000 hours design; an independent technical evaluation is currently performed with this purpose and in case of positive outcome, the result needs to be approved by the nuclear regulator (CNCAN).
  - The refurbishment of Unit 1 requires also finalization of a feasibility study, designing and securing the appropriate financing scheme, as well as securing SNN's own contribution to the financing scheme.

### **Unit 3&4 Cernavoda NPP Project Status update:**

- January 31<sup>st</sup>, 2017 – the Inter-ministerial Commission approved the proposal for the extension of negotiations over the Investment Documents, under the same conditions of Memorandum of Understanding; the procedures to obtain a mandate regarding the continuation of negotiations from the Inter-ministerial Commission, Romanian Government and General Shareholders Meeting started;
- March 6<sup>th</sup>, 2017 – the Inter-ministerial Commission approved the proposal of the Negotiations Commission to continue negotiations and to provide to Romanian Government a memorandum over this matter. The continuation of negotiations can be realized after the approval in the General Shareholders Meeting;
- In the following period, decisions from authorities (Ministry of Energy and Romanian Government) and GSM are expected, regarding the formalization of negotiation continuation process.

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## SNN Investor Relation

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## 2017 Financial calendar

### Executive Management

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**Mihai Darie - CFO**

[mdarie@nuclearelectrica.ro](mailto:mdarie@nuclearelectrica.ro)

EVENT	DATE
Publication of the Quarterly Report for the 1 <sup>st</sup> Quarter of the year 2017 (January – March) Financial analysts, investment advisors, brokers and investors conference call and webcast.	May 12, 2017 (Friday) Hour of the conference call: 16:00 Romania's time
Publication of the Half-Year Report for the year 2017 (January – June) Financial analysts, investment advisors, brokers and investors conference call and webcast.	August 11, 2017 (Friday) Hour of the conference call: 16:00 Romania's time
Publication of the Quarterly Report for the 3 <sup>rd</sup> Quarter of the year 2017 (January – September) Financial analysts, investment advisors, brokers and investors conference call and webcast.	November 13, 2017 (Monday) Hour of the conference call: 16:00 Romania's time





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**Thank you!**