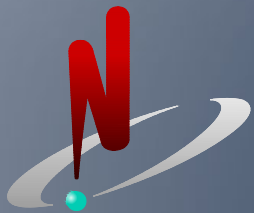




SNN Investors Teleconference

Financial results for the period of six months ended
30 June 2017
- H1 2017 -



NUCLEARELECTRICA
POWERed by people

Bucharest: August 11th, 2017

H1 2017 financial result highlights

RON '000	H1 2017	H1 2016 (restated)	Var. (%)	Q2 2017 (restated)	Q2 2016 (restated)	Var. (%)	Budget H1 2017, adjusted for IFRIC 21	Var. (%)
	1	2	(1-2)/2	3	4	(3-4)/4	5	(1-5)/5
Quantity of energy sold (MWh)	5.139.142	4.825.706	6,5%	2.349.924	2.014.957	16,6%	5.063.397	1,5%
Net quantity of energy produced (MWh)	5.065.688	4.803.816	5,5%	2.299.377	2.001.435	14,9%	4.972.706	1,9%
Sales of electricity (including thermal energy)	869.719	723.764	20,2%	385.809	277.332	39,1%	814.703	6,8%
Operating expenses	(499.701)	(487.510)	2,5%	(272.986)	(271.124)	0,7%	(570.382)	-12,4%
EBITDA	393.271	254.736	54,4%	124.990	16.688	649,0%	289.312	35,9%
EBIT	147.295	16.331	801,9%	1.906	(102.661)	n/a	43.859	235,8%
Net profit	133.780	1.736	7.608,1%	13.335	(106.421)	n/a	43.250	209,3%

Nuclearelectrica EBITDA for H1 2017: 393.271k RON, 54,4% above H1 2016

Positive result for SNN in Q2 (3M ended 30.06.2017): 13.335 kRON

Main drivers of reported profit:

- **5.5% increase of output generated** due to a shorter planned outage in Q2'17 (Unit 2) as compared to Q2'16 (Unit 1), even in the framework of more unplanned and programmed short-term outages of Unit 1 in H1'17
- **Significant increase of electricity sales by 20%** on account of 6,5% increase of quantities sold and 12,8% average increase of realized prices (w/out Tg)
- **Only 2.5% increase of OPEX** (w/out depreciation and amortization) and 3.2% increase of depreciation and amortization expenses
- **Positive financial result of 11,481k RON** as compared to negative financial result in the comparative period
- **Net reported profit for H1'17 is influenced by +36.4 mil. RON** (net of deferred tax effect), representing the effect of accounting errors correction affecting Q1'17 restated results (details disclosed in the financial statement)

H1 2017 Financial position

RON'000	30.jun.17	31.dec.16 (restated)	Variation
Total non-current assets	7,144,962	7,330,813	-2.5%
Inventories	332,854	331,057	0.5%
Trade and other receivables	159,337	174,763	-8.8%
Cash and cash equivalents (incl. deposits)	1,611,221	1,508,788	6.8%
Total current assets	2,103,411	2,014,607	4.4%
Total assets	9,248,373	9,345,420	-1.0%
Share capital and premium	3,242,115	3,242,115	-
Prepaid share reserve	21,554	21,554	-
Revaluation reserve	252,259	265,842	-5.1%
Retained earnings	3,991,132	3,945,258	1.2%
Total shareholder's equity	7,507,059	7,474,769	0.4%
Long term borrowings	977,506	1,087,962	-10.2%
Other non-current liabilities	329,648	332,376	-0.8%
Total non-current liabilities	1,307,154	1,420,338	-8.0%
Accounts payable and other liabilities	226,659	229,384	-1.2%
Current portion of long term borrowings	207,500	220,930	-6.1%
Total current liabilities	434,159	450,313	-3.6%
Total liabilities	1,741,313	1,870,651	-6.9%
Total equity and liabilities	9,248,373	9,345,420	-1.0%

Strong accounts receivables policy in place

- Decrease of accounts receivables by 8.8% on account of strict contractual provisions as well as continuous change of sales structure by market type/platform (mix of sales with advance payments versus post-delivery).
- Low counterparty risk: advance payment or payment post-delivery backed by letters of guarantee (varies according to contract provisions).
- Performance risk: Letters of guarantee covering the obligation to perform of the buyers (take over and pay for the electricity purchased).

Significant net cash position

- Cash position (cash and cash equivalents including deposits >3M maturity) increased by 6.8% as compared to 31st December 2016.
- Net cash position (cash position less long-term borrowings, including current portion of long-term borrowings) as of 30th June 2017 is 426.215k RON increased by 113% as compared to 31st December 2016 (199.896k RON).

Long-term borrowings

- Further amortization of long-term borrowings through semi-annual repayments, resulting in a decrease of long-term borrowings (including current portion of long-term borrowings) by 9.5% (including impact of foreign exchange revaluation).
- As of 30th June 2017, two loans were fully repaid (Societe Generale – Alstom and Societe Generale – Nexans), both denominated in EUR, with impact both on long term and short term (current) portion of borrowings.
- As of 30th June 2017 exposure to long-term borrowings is mainly in EUR and CAD.
- The USD denominated loan Societe Generale – General Electric was fully reimbursed in July 2017.

H1 2017 Financial position (cont'd)

RON'000	30.jun.17	31.dec.16 (restated)	Variation
Total non-current assets	7,144,962	7,330,813	-2.5%
Inventories	332,854	331,057	0.5%
Trade and other receivables	159,337	174,763	-8.8%
Cash and cash equivalents (incl. deposits)	1,611,221	1,508,788	6.8%
Total current assets	2,103,411	2,014,607	4.4%
Total assets	9,248,373	9,345,420	-1.0%
Share capital and premium	3,242,115	3,242,115	-
Prepaid share reserve	21,554	21,554	-
Revaluation reserve	252,259	265,842	-5.1%
Retained earnings	3,991,132	3,945,258	1.2%
Total shareholder's equity	7,507,059	7,474,769	0.4%
Long term borrowings	977,506	1,087,962	-10.2%
Other non-current liabilities	329,648	332,376	-0.8%
Total non-current liabilities	1,307,154	1,420,338	-8.0%
Accounts payable and other liabilities	226,659	229,384	-1.2%
Current portion of long term borrowings	207,500	220,930	-6.1%
Total current liabilities	434,159	450,313	-3.6%
Total liabilities	1,741,313	1,870,651	-6.9%
Total equity and liabilities	9,248,373	9,345,420	-1.0%

Provision for employee's benefits

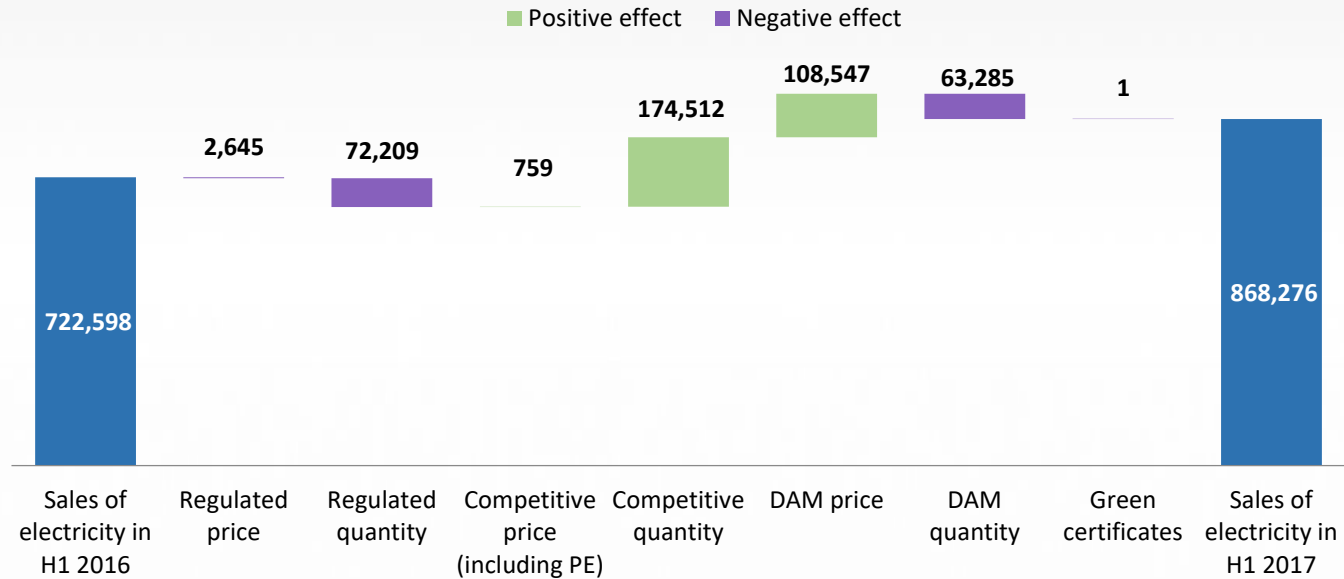
- The provision for employee's benefits increased in the period by recording as at 31 March 2017 a retirement bonus of 9,4 mil RON, based on a granted retirement bonus of 8,500 RON, equivalent for 1200 kw/year electricity after retirement date, as per new collective labor contract valid in 2017, updated as at 30 June 2017 to 8.8 mil RON, as per actuarial report prepared by the actuarial expert employed by the Company;
- The actuarial report updated also the other retirement benefits, with a net impact over provisions of 1,1 mil RON, thus the total increase in provisions in H1'17 was of 7.6 mil RON;
- This increase was compensated by the decrease in deferred income, representing cancelled penalties recognised as deferred income and amortized gradually over the useful life of Unit 1, and decrease in deferred tax liability of 3.2 mil RON.

Reconsideration of accounting treatment regarding IFRIC 21 - Taxes

- The Company reconsidered accounting treatment regarding taxes and charges that fall under IFRIC 21 (tax on land, buildings and special constructions), respectively the date of the occurrence of the generating event, and concluded that the triggering event occurs as at 31st of December of each year for the tax expense due in the next year, instead 1st January.
- The reconsideration of the accounting treatment results in decrease in tax expense recorded in Q1'17 of 36.4 mil RON (net of deferred tax effect); the comparative financial statements are restated accordingly.

Sales of electricity in H1 2017 increased by 20,2% compared to H1 2016

Electricity sales evolution (RON'000)



Electricity sales evolution from H1'16 to H1'17 was determined by:

- increased by 7% in quantity of electricity sold in H1'17 compared to H1'16, mainly due to increase in production with 5.5%, as the planned outage of Unit 2 lasted 26,5 days compared to planned outage of Unit 1 in H1'16 of 51 days;
- change in sales structure, corroborated with price evolution, as follows:
 - sales on regulated market of 8% in H1'17 compared to 18% in H1'16 (decrease of 52% from H1'16 to H1'17)
 - sales on bilateral contracts market of 68% in H1'17 compared to 50% in H1'16 (increase of 45% from H1'16 to H1'17), thus quantities allocated previously on regulated market were sold on competitive market, benefiting from a positive price difference between these markets of 6.2%;
 - sales on DAM market (PZU) of 24% in H1'17 compared to 32% in H1'16 (decrease of 21% from H1'16 to H1'17);
 - only 1% decrease in PCCB prices, while 59% increase of price on DAM market;
 - positive impact of balancing market (PE) from significant increase in hourly settlement price for electricity surplus, published by OPCOM for the first months of 2017, for similar quantities (only 2,7% higher in the current period).

Sales structure analysis H1 2017 vs. H1 2016

The main influence over the sales structure comes from the decrease with 52% of the quantities sold on regulated market and increase of 19% of the quantities sold on competitive market, with an overall increase in quantity of 6,5% from H1'16 to H1'17.

Sales price evolution was determined by an increase of 15% in the weighted average selling price on competitive market (including DAM) and a decrease of 2% in the regulated selling price, with an overall increase in price of 12,82% from H1'16 to H1'17.

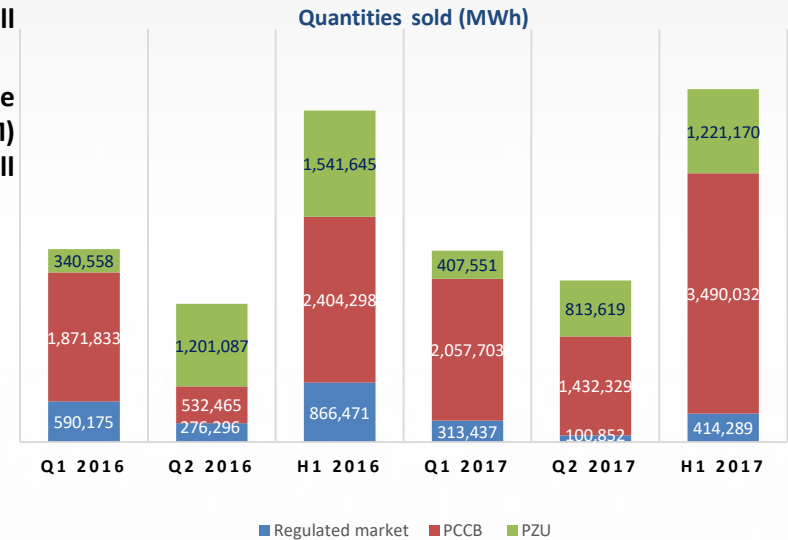
- The quantity established by ANRE to be sold on **regulated market** decreased for 2017 from 14,42% to 5,85%, but with an uneven distribution over the 12 months, thus for H1'17 the quantity established and sold was of 8,33% out of total net quantity produced and inserted in SEN by CNE Cernavoda; also, the schedule established by ANRE covered mostly the peak hours, when the market records the highest prices on competitive market; 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 68% in H1'17 compared to 50% in H1'16, while the weighted average price recorded a slight decrease of 1% for this segment;

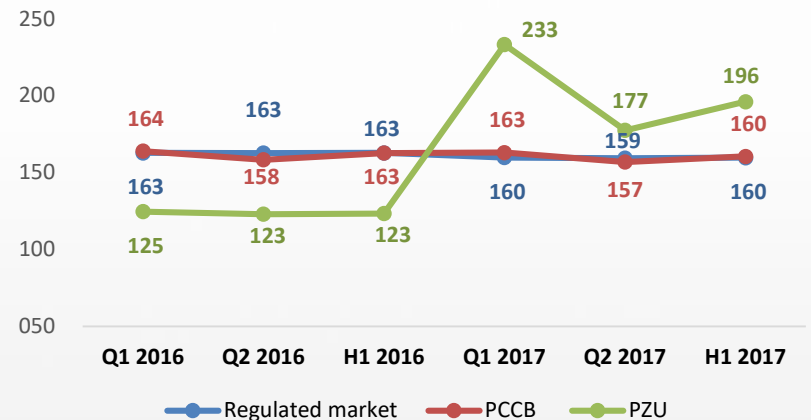
- On **DAM (PZU)**, the quantities of electricity sold decreased to 24% in H1'17, compared to 32% in H1'16, benefiting also by an increase of 59% of the average price. The price obtained by SNN in H1'17 followed the market trend, as the monthly average prices published by OPCOM for DAM sales in H1'17 were as follows:

RON/Mwh					
01	02	03	04	05	06
337,74	243,14	165,54	172,38	193,61	193,99

Sales structure H1 2017 vs H1 2016

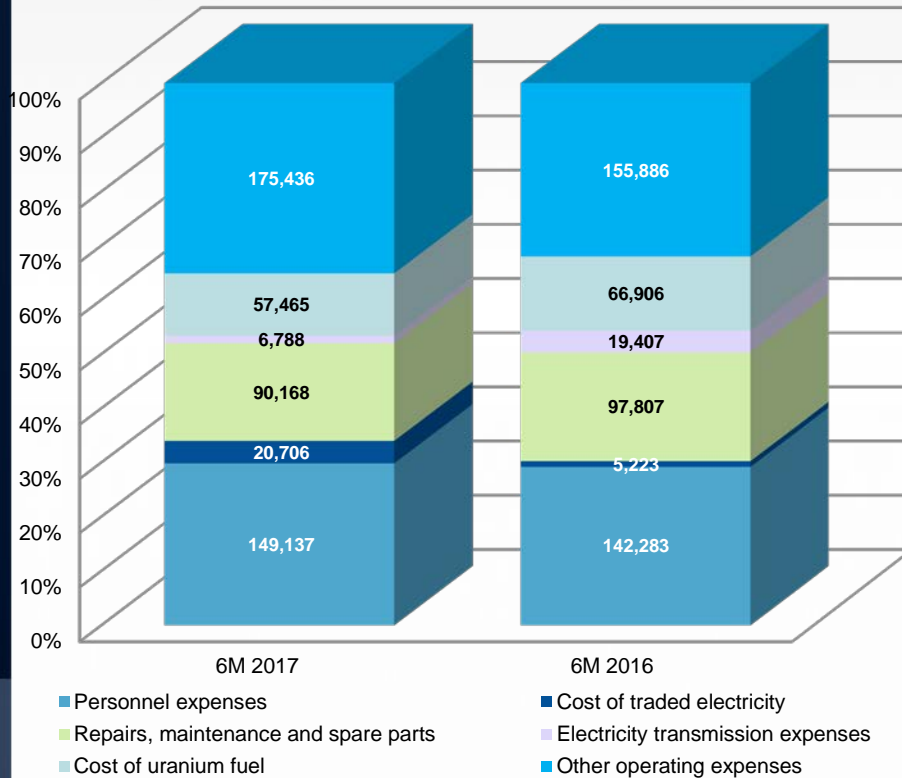


Sales prices evolution (lei/Mwh w/out Tg)



OPEX higher by 2% compared to H1 2016

Operating expenses ('000 RON)



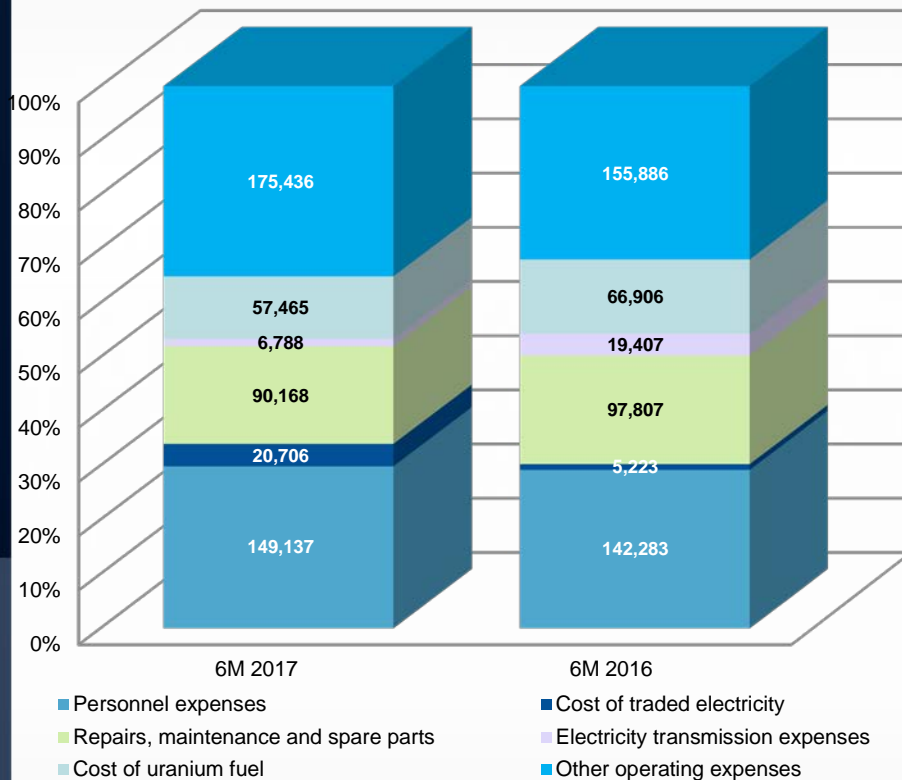
- Personnel expenses:** increase by 5% compared to 6M 2016, mainly due to:
 - the recognition in Q1'17 of a provision regarding employee benefits granted after retirement starting with March 2017, representing the equivalent of 1200 kW/year given after the retirement date, valued by the actuary expert employed by the company as at 31.03.2017 to 9.4 mil RON;
 - based on the actuarial report issued at 30th June 2017 all the retirement provisions were updated, the total impact being a decrease of 4,4 mil RON (the retirement bonus introduced in 2017 was reduced to 8,8 mil RON);

The actual personnel expenses in H1'17 were 6,06% below budgeted level.

- Cost of traded electricity:** increase of 15.5 mil RON in H1'17 compared to H1'16, due to:
 - purchases from DAM of 5.5 mil RON in H1'17 compared to 25k RON in H1'16, to cover contractual obligations during planned outage of U2 in H1'17 (24.360 MWh in H1'17 vs 163 MWh in H1'16), as well as from energy purchased to cover contractual obligations during unplanned and programmed outages of U1 in H1'17;
 - Increase in expenses with imbalances of 10 mil RON from 5 mil RON in H1'16 to 15 mil RON in H1'17; these expenses represent the equivalent of energy received from balancing market mainly due to differences in notified quantities vs. delivered quantities, significantly higher in H1'17 compared to H1'16, caused by unplanned and programmed outages of U1 in H1'17.
- Cost of uranium fuel:** decreased by 14% due to decrease in the average acquisition cost of sintered uranium dioxide powder used in the production of fuel bundles in H1'17, which was consumed at an average cost of about 400 RON/kg, coming from the existing stock as at 31 December 2016 and also acquired during the first half-year of 2017 from Cameco Inc., compared to the average cost of 475 lei/kg for the fuel bundles consumed in H1'16, coming from existing stock as at 31 December 2015 purchased from Cameco Inc; the last contract concluded with Cameco Inc. established a price of 337 RON/kg (equivalent of USD at contract date) for 120 TO uranium powder acquisition;

OPEX higher by 2% compared to H1 2016 (cont'd)

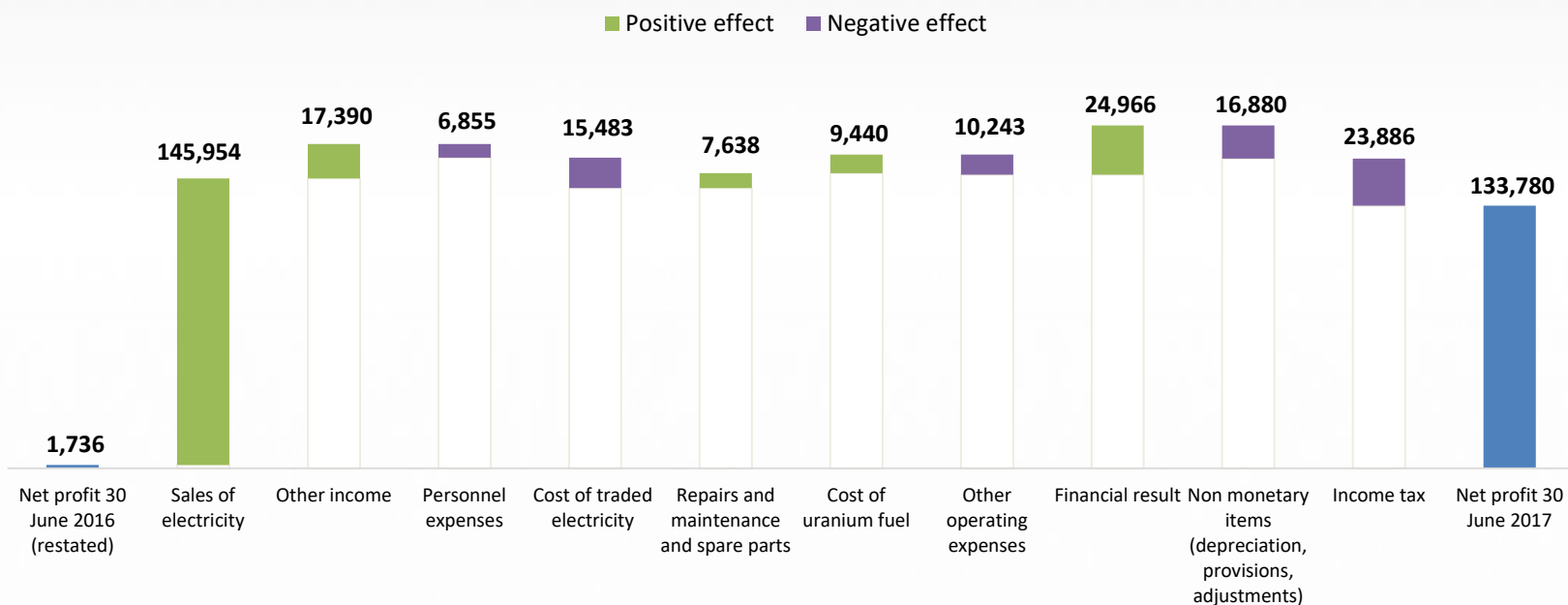
Operating expenses ('000 RON)



- **Electricity transmission expenses:** decreased by 65% due to the decrease in the level of electricity transmission tariff into the grid. (from 4,04 RON/MWh to 1,34 RON/MWh starting with July 1st 2016)
- **Other operating expenses:** increase by 12.5% in H1'17 compared to H1'16, mainly due to increase of expenses with 8,3 mil RON from H1'16 to H1,17, following the update of DICA provisions, based on cost estimates for Macstor 200 and Macstor 400 DICA modules necessary to accommodate consumed fuel bundles as at 30 June 2017;
- **Tax on buildings, land and special constructions:** derecognition of taxes under IFRIC 21 affecting H1'17 and H1'16 (restated).
The reconsideration in H1'17 of the accounting treatment for government taxes and charges under IFRIC 21 (tax on buildings, land and respectively tax on special constructions eliminated starting 2017, 983k RON in 2016) results in decrease of 37.9 mil RON expenses recorded in Q1'17 and further recognition of this expense in Q4'17. The comparative amounts are restated accordingly (decrease of 43 mil RON in H1'16).

Net profit H1 2017 increased compared to H1 2016

Net result evolution (RON'000)



- Net result evolution benefited from positive evolution of sales of electricity evolution, other income (thermal power sales and impact of production in progress) and positive financial result, partially compensated by slight increase in operating expenses, increase in depreciation and amortisation and income tax.

CAPEX

Capital expenditure of SNN in H1'17: 48,5 mil RON out of total investment program of 231,6 mil RON, 20,98% completion degree

Ongoing investments [thousand lei]	New investments [thousand lei]	Investments made at the tangible assets (upgrades) [thousand lei]	Equipments [thousand lei]	Total value of investment program*) [thousand lei]	Degree of completion 30.06.2017 (%)
119.255	19.828	7.566	84.944	231.593	20,98%

**) Approved by GSM/29.03.2017.*

Completion degree is determined by:

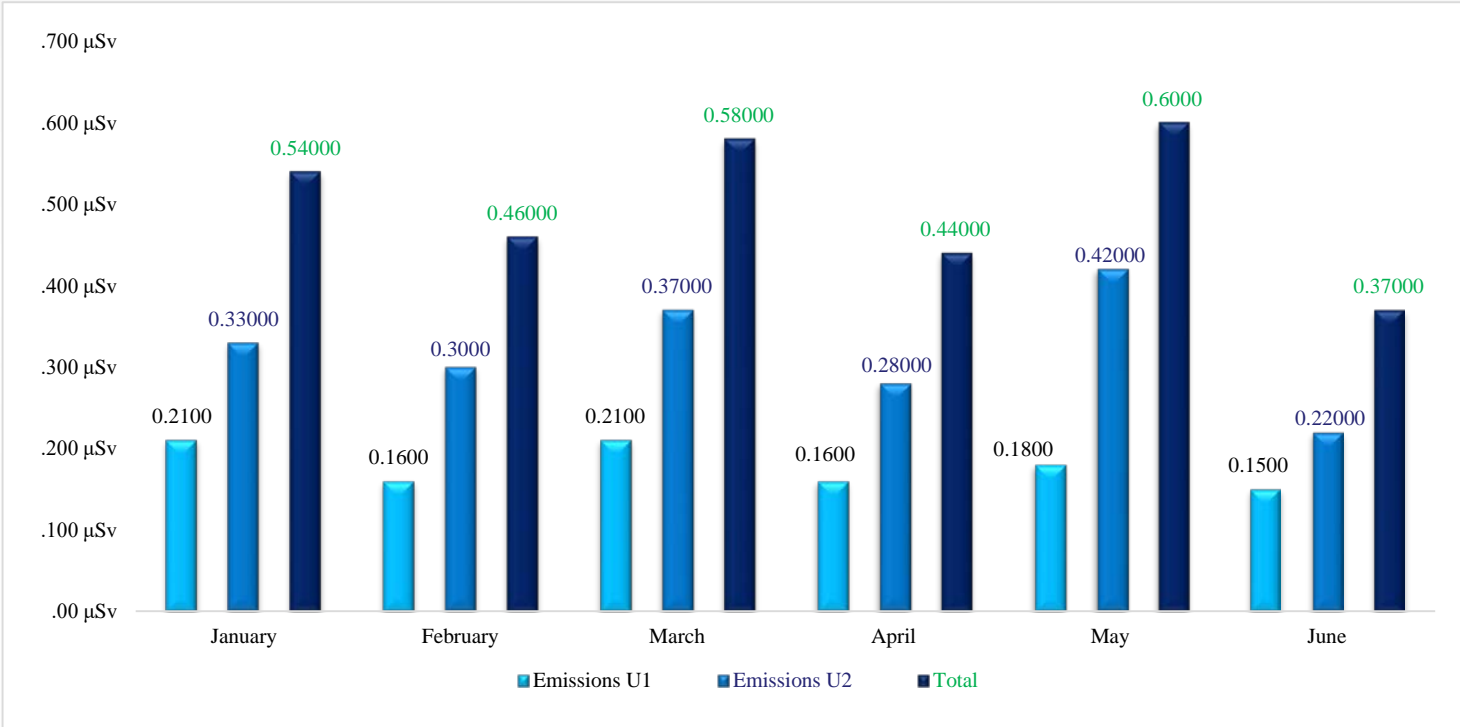
- saving obtained for investments performed in H1'17 determined physical completion stage higher than value completion stage;
- part of investments in progress were commissioned during H1'17, while others are at the purchasing process stage;
- part of the budgeted investments included in the total investment program are scheduled for 2nd semester of 2017.

H1 2017 Income statement

Profit & Loss account

RON'000	6M ended 30.06.2017	6M ended 30.06.2016 (restated)	Var (%)	3M ended 30.06.2017 (restated)	3M ended 30.06.2016 (restated)	Var (%)	Budget H1 2017, adjusted for IFRIC 21	Var (%)
Revenues								
Sales of electricity	869,719	723,764	20.2%	385,809	277,332	39.1%	814,703	6.8%
Electricity transmission revenues	6,788	19,407	-65.0%	3,081	8,085	-61.9%	6,663	1.9%
Total revenues	876,507	743,171	17.9%	388,890	285,417	36.3%	821,366	6.7%
Other income	16,466	(924)	n/a	9,086	2,395	279.4%	38,328	-57.0%
Operating expenses								
Personnel expenses	(149,137)	(142,283)	4.8%	(72,193)	(74,330)	-2.9%	(153,687)	-3.0%
Cost of traded electricity	(20,706)	(5,223)	296.4%	(12,232)	(2,809)	335.4%	(46,234)	-55.2%
Repairs and maintenance	(76,856)	(81,000)	-5.1%	(64,642)	(64,251)	0.6%	(73,199)	5.0%
Electricity transmission expenses	(6,788)	(19,407)	-65.0%	(3,081)	(8,085)	-61.9%	(6,663)	1.9%
Costs with spare parts	(13,312)	(16,806)	-20.8%	(9,556)	(15,052)	-36.5%	(11,124)	19.7%
Cost of uranium fuel	(57,465)	(66,906)	-14.1%	(19,913)	(27,727)	-28.2%	(64,735)	-11.2%
Other operating expenses	(175,436)	(155,886)	12.5%	(91,368)	(78,870)	15.8%	(214,740)	-18.3%
Total operating expenses	(499,701)	(487,510)	2.5%	(272,986)	(271,124)	0.7%	(570,382)	-12.4%
EBITDA								
Depreciation and amortisation	(245,976)	(238,405)	3.2%	(123,083)	(119,349)	3.1%	(245,453)	0.2%
EBIT	147,295	16,331	801.9%	1,906	(102,661)	n/a	43,859	235.8%
Finance costs	(37,393)	(62,054)	-39.7%	(18,260)	(39,948)	-54.3%	(51,947)	-28.0%
Finance income	48,874	48,569	0.6%	31,579	16,164	95.4%	56,855	-14.0%
Income tax charge, net	(24,996)	(1,111)	2150.0%	(1,891)	20,025	n/a	(5,517)	353.1%
Net profit	133,780	1,736	7608.1%	13,335	(106,421)	n/a	43,250	209.3%

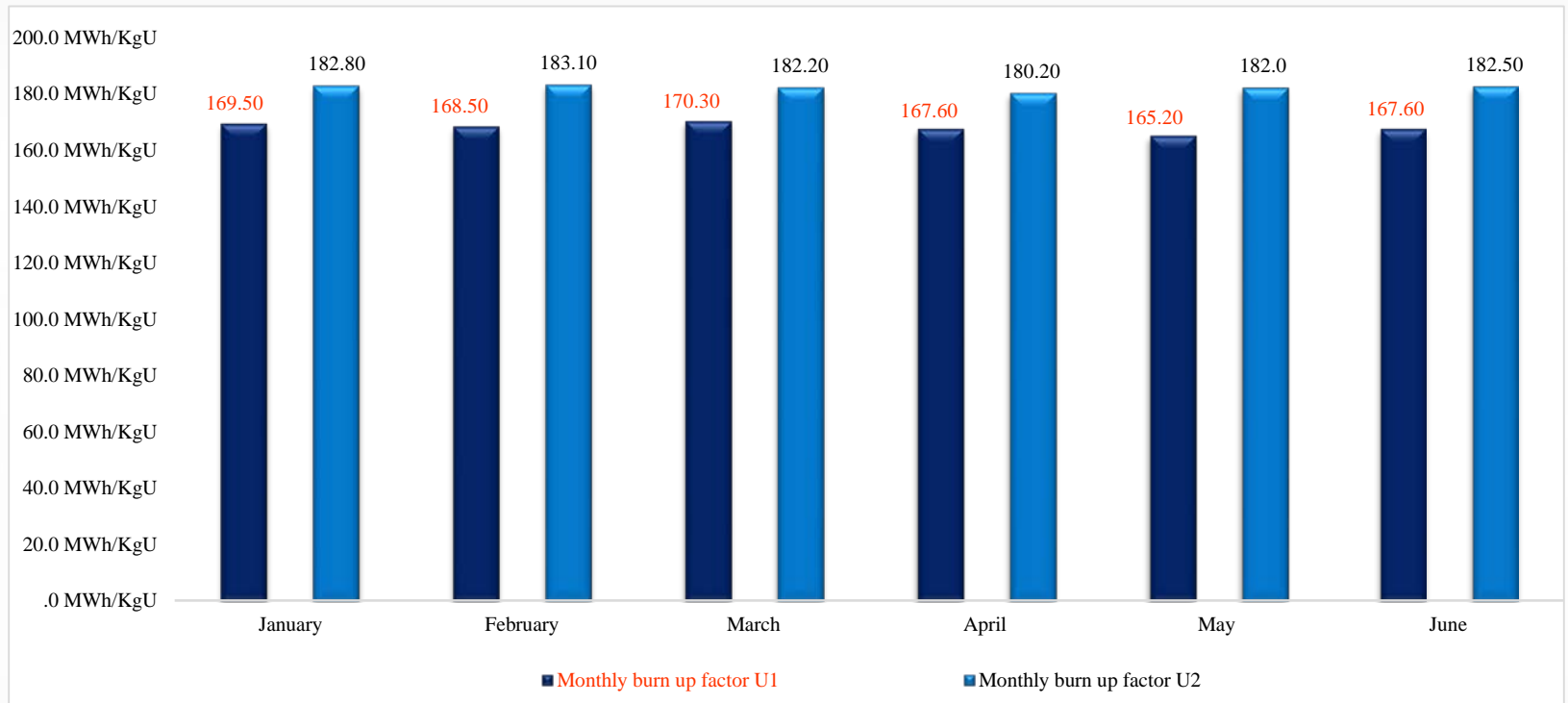
Radioactive emissions U1+U2 (μSv)



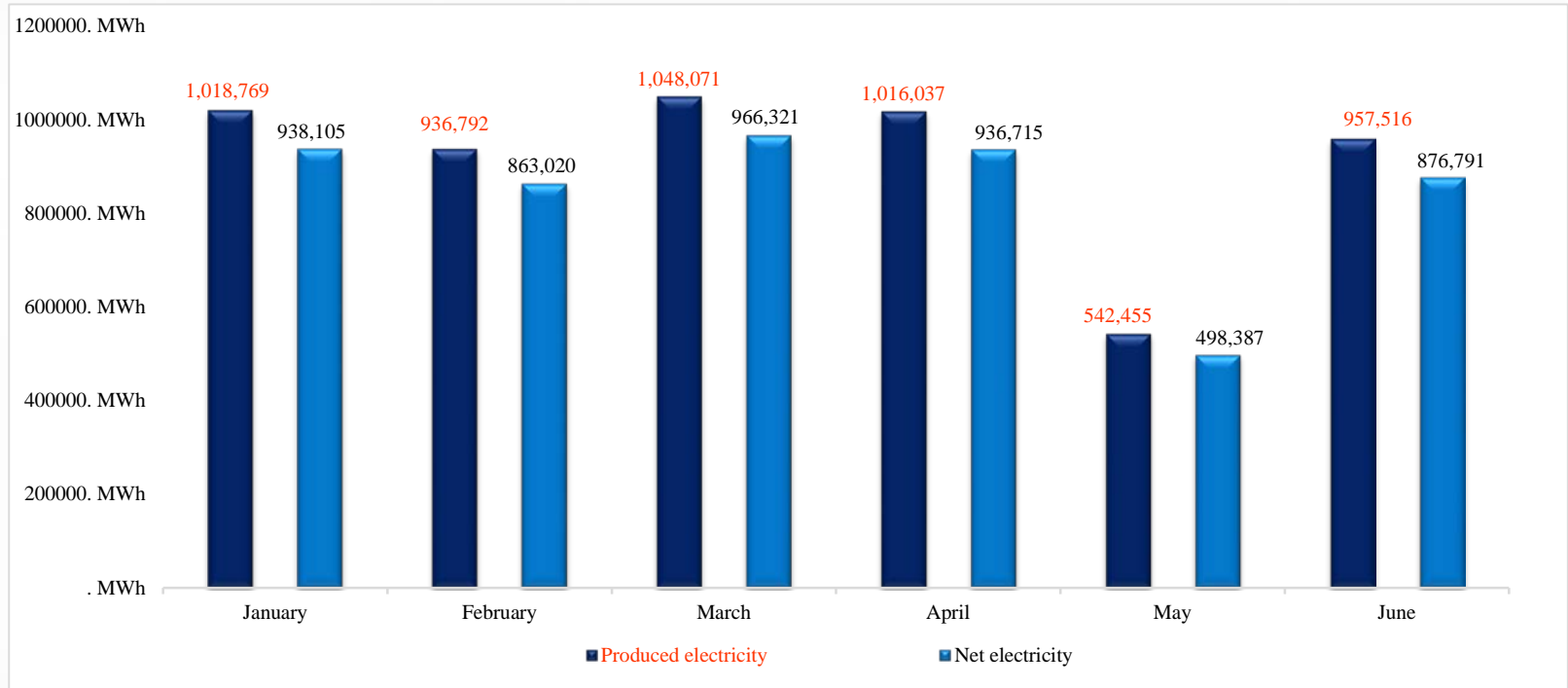
Total H1 2017:	Anual limit:
2,99	8,50

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

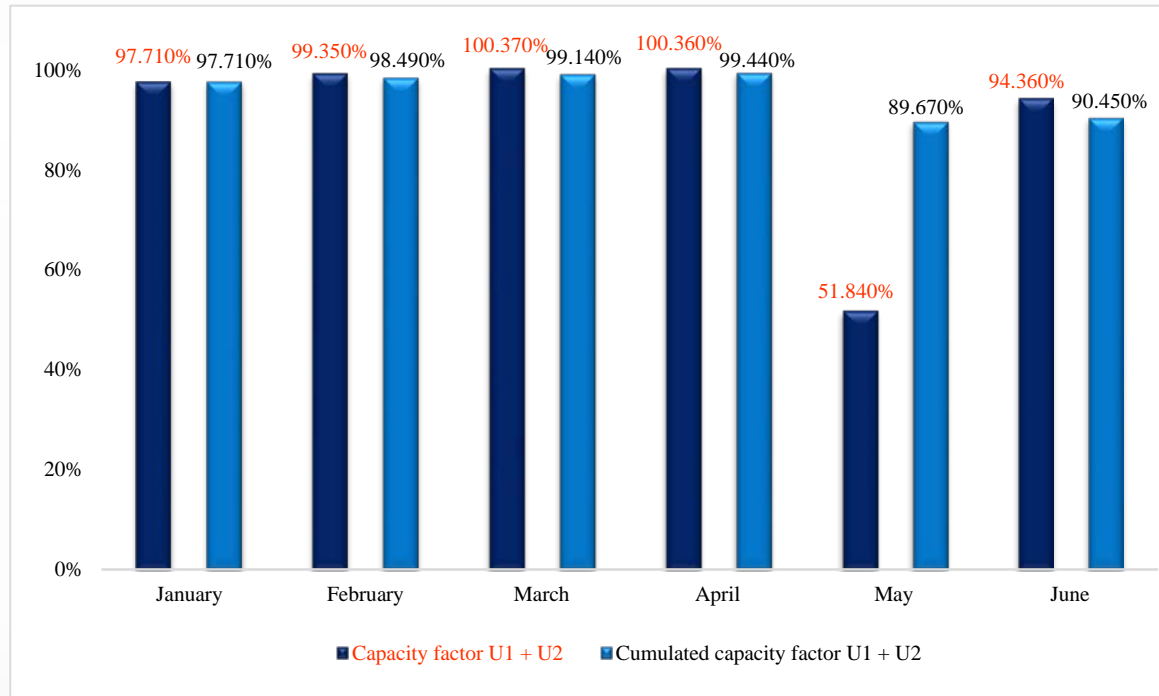
Nuclear fuel burn up factor (MWh/KgU) (Cumulated H1 2017: 175,16 / Project estimated: 156,00)



Produced electricity/net U1 + U2 (MWh)
(Produced electricity H1 2017: 5.519.639 MWh / Net electricity delivered H1 2017: 5.079.332 MWh)
(Cumulated internal technological consumption (H1 2017: 7,97%)



CANDU Technology Unit performance U1 + U2 (%) Capacity Factor (Cumulated H1 2017: 90.45%)



Outstanding operational results

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.**

Aspects related to main investments and long term strategic projects

Unit 1 Refurbishment program

- The updated strategy for Refurbishment program was subject of GMS meeting on 11 July 2017, but no decision was taken at that date since there was a request from Ministry of Energy to provide in depth details on the updated strategy, that will be provided in a subsequent GMS meeting;
- The technical study for the assessment of the feasibility of extension of initial operation (beyond 210.000 hours) is in progress (estimated date of completion and discussion with CNCAN – end of 2017).

Unit 3&4 Cernavoda NPP Project Status update:

- January 31st, 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 6th, 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;
- August 24th, 2017-SNN General Meeting of Shareholders to approve the continuation of the negotiations of the Investment Documents as per the MoU for a period of additional 6 months in compliance with all other provisions of the MoU.

SNN Investor Relation

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

www.nuclearelectrica.ro

Stock: ISIN ROSNNEACNOR8

Tel.: +40 21 203 82 00

E-mail: investor.relations@nuclearelectrica.ro

Executive Management

Daniela Lulache - CEO

dlulache@nuclearelectrica.ro

Mihai Darie - CFO

mdarie@nuclearelectrica.ro

2017 Financial calendar

EVENT	DATE
Publication of the Quarterly Report for the 3 rd 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



NUCLÉARELECTRICA

Thank you!