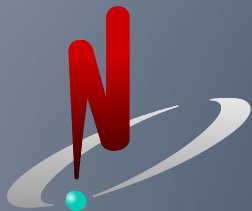




SNN Investors Teleconference

Financial results for the period of nine months
ended 30 September 2017
- 9M 2017 -



NUCLEARELECTRICA

POWERed by people

Bucharest: November 13rd, 2017

9M 2017 Financial result highlights

RON '000	9M 2017	9M 2016 (restated)	Var. (%)	Q3 2017	Q3 2016 (restated)	Var. (%)	Budget 9M 2017, adjusted for IFRIC 21	Variation (%)
	1	2	3=(1-2)/2	4	5	6=(4-5)/5	7	8=(1-7)/7
Quantity of energy sold (Mwh), out of which:	7.907.068	7.621.615	3,7%	2.767.926	2.795.909	-1,0%	7.808.541	1,3%
Quantity of energy produced (Mwh)	7.760.368	7.588.901	2,3%	2.694.681	2.785.084	-3,2%	7.668.507	1,2%
Sales of electricity (including thermal energy)	1.366.427	1.157.741	18,0%	496.708	433.977	14,5%	1.234.103	10,7%
Operating expenses	(754.588)	(727.306)	3,8%	-254.886	-239.796	6,3%	(833.145)	-9,4%
EBITDA	647.101	467.137	38,5%	253.830	212.401	19,5%	437.999	47,7%
EBIT	276.918	107.189	158,3%	129.623	90.857	42,7%	68.373	305,0%
Net profit	225.285	102.397	120,0%	91.505	100.661	-9,1%	62.071	262,9%

Nuclearelectrica EBITDA for 9M 2017: 647,101k RON, 38.5% above 9M 2016

3M 2017 EBITDA: 253,830k RON, 19.5% above 3M 2016

Q3'17 Net profit influenced by negative financial result of 15,343k RON compared to positive financial result of 29,020k RON in Q3'16

Main drivers of 9M 2017 reported profit:

- **2.3% increase in quantity of energy produced**, 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 and Unit 2 in 9M'17
- **significant increase in electricity sales by 18%** on account of 3.7% increase of quantity sold and 13.76% average increase of realized prices (w/out T_g)
- **3.8% increase in OPEX** (w/out depreciation and amortization) in 9M'17 compared to 9M'16, mainly due to increase in cost of traded electricity from market imbalances
- **negative financial result** of 3,861k RON in 9M'17, compared to positive financial result of 15.535k RON in 9M'16

9M 2017 Financial position

RON '000	30.09.2017	31.12.2016 (restated)	Variation (%)
Total non-current assets	7,033,594	7,330,813	-4.1%
Inventories	333,704	331,057	0.8%
Trade and other receivables	129,906	174,763	-25.7%
Cash and cash equivalents (incl. deposits)	1,771,769	1,508,788	17.4%
Total current assets	2,235,379	2,014,607	11.0%
Total assets	9,268,973	9,345,420	-0.8%
Share capital and premium	3,242,115	3,242,115	-
Prepaid share reserve	21,554	21,554	-
Revaluation reserve	245,514	265,842	-7.6%
Retained earnings	3,979,381	3,945,258	0.9%
Total shareholder's equity	7,488,564	7,474,769	0.2%
Long term borrowings	959,345	1,087,962	-11.8%
Other non-current liabilities	325,074	332,376	-2.2%
Total non-current liabilities	1,284,419	1,420,338	-9.6%
Accounts payable and other liabilities	290,252	229,384	26.5%
Current portion of long term borrowings	205,738	220,930	-6.9%
Total current liabilities	495,990	450,313	10.1%
Total liabilities	1,780,409	1,870,651	-4.8%
Total equity and liabilities	9,268,973	9,345,420	-0.8%

Reconsideration of accounting treatment IFRIC 21 - Levies

- 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 of 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.

Current assets

Strong account receivables policy in place

- Decrease of trade and other receivables by 25.7% on account of contractual provisions: advance payment instead of post – delivery payment.
- Low counterparty risk: collections backed by letters of guarantee (various types according to contracts provisions).

Significant net cash position

- Cash and cash equivalents position (including deposits > 3M maturity) increased by 17.4% as compared to December 31st, 2016.
- Net cash position (cash and cash equivalents position less borrowings) as of September 30th, 2017 is 606,686k RON increased by 204% as compared to December 31st, 2016 (199,896k RON).

9M 2017 Financial position (cont'd)

RON '000	30.09.2017	31.12.2016 (restated)	Variation (%)
Total non-current assets	7,033,594	7,330,813	-4.1%
Inventories	333,704	331,057	0.8%
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Non-current liabilities

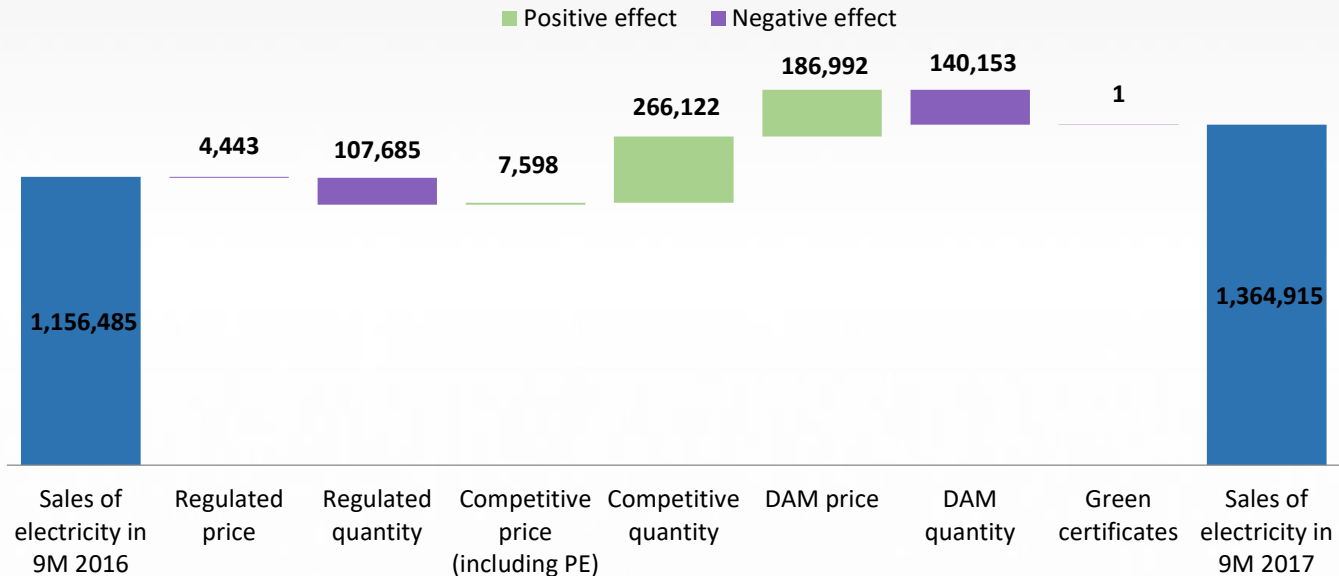
- Decrease of long term borrowings (contracted for the realization and commissioning of Unit 2) by 11.8% is explained by the reclassification of the due installments from the long term portion in the short term portion as the credits maturity rises, including the impact of foreign exchange revaluation.
- As of September 30th, 2017 exposure to long term borrowings is in EUR and CAD.
- The provision for employee's benefits increased in the period by recording as at March 31st, 2017 a retirement bonus of 9.4 mil. RON, based on a granted retirement bonus of 8,500 RON, equivalent for 1,200 KW/year electricity after retirement date, as per new collective labor contract valid in 2017, updated as at June 30th, 2017 to 8.8 mil. RON, as per actuarial report prepared by the actuarial expert employed by the Company.

Current liabilities

- Accounts payable and other liabilities increased with 27% from December 31st, 2016 to September 30th, 2017, following an increase in advance payments from customers (related to electricity to be delivered after the reporting period) and debts on payable dividends (distribution of additional dividends of 110 mil. RON according to GEO no. 29/2017).
- As of September 30th, 2017, three loans were fully repaid to Societe Generale: two denominated in EUR (Alstom and Nexans) and one denominated in USD (General Electric).

Sales of electricity in 9M 2017 increased by 18% compared to 9M 2016

Electricity sales evolution (RON '000)



Electricity sales evolution from 9M'16 to 9M'17 was determined by:

- **3.7% increase in quantity of energy sold** in 9M'17 compared to 9M'16, mainly due to increase in production with 2.3%, as the planned outage of Unit 2 lasted 26.5 days compared to planned outage of Unit 1 in 9M'16 of 51 days.
- **change in sales structure** (quantities sold), corroborated with **price evolution**, as follows:
 - sales on regulated market of 7% in 9M'17 compared to 16% in 9M'16 (decrease of 56% from 9M'16 to 9M'17);
 - sales on bilateral contracts market (PCCB+PCSU) of 69% in 9M'17 compared to 50% in 9M'16 (increase of 43% from 9M'16 to 9M'17), without significant price difference, thus quantities allocated previously on regulated market were sold on competitive market, benefiting from a positive price difference between these markets of 9.5%;
 - sales on DAM market (PZU & PI) of 24% in 9M 2017 compared to 34% in 9M 2016 (decrease of 26% from 9M 2016 to 9M 2017);
 - 57% 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 in 2017, for similar quantities (9.3% higher in the current period).

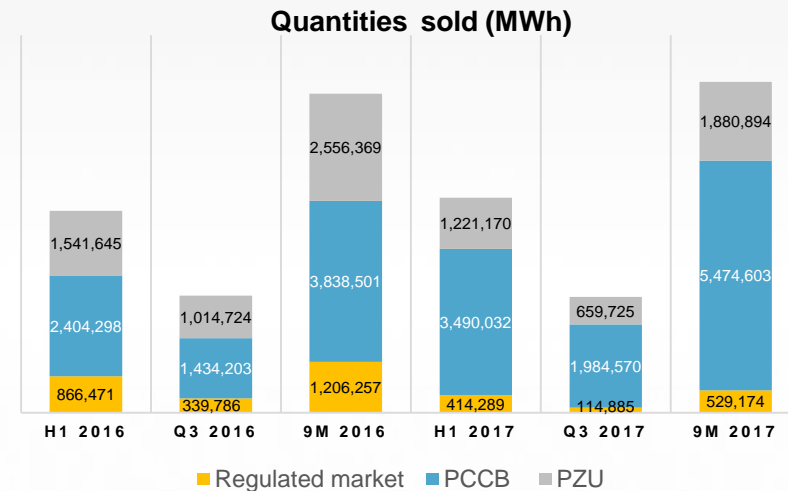
Sales structure analysis 9M 2017 vs. 9M 2016

The main influence over the sales structure on quantities sold comes from the decrease with 56% of the quantities sold on regulated market and increase of 15% of the quantities sold on competitive market, with an overall increase in quantity of 3,7% from 9M'16 to 9M'17.

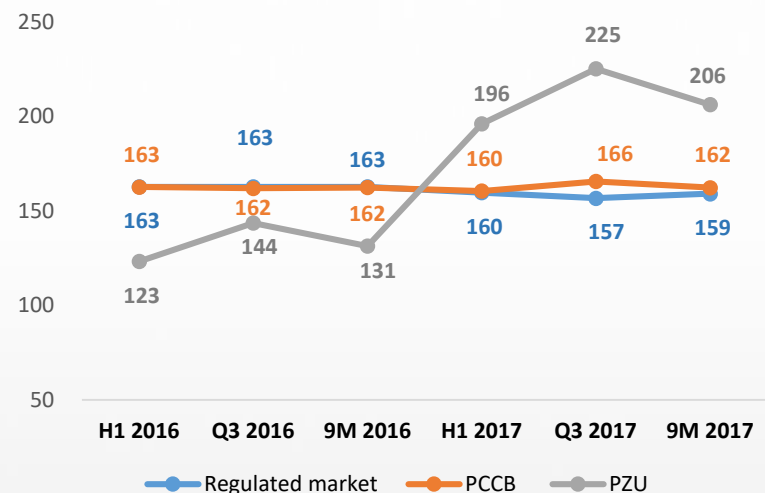
Sales price evolution was determined by an increase of 16% in the weighted average selling price on competitive market (including DAM) and a decrease of 2% in the regulated selling price, with an overall increase in price of 13,54% from 9M'16 to 9M'17.

- 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 9M'17 the quantity established and sold was of 6,69% 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+PCSU) increased, reaching 69% in 9M'17 compared to 50% in 9M'16, without significant price difference for this segment;
- On **DAM (PZU)**, the quantities of electricity sold decreased to 24% in 9M'17, compared to 34% in 9M'16, benefiting also by an increase of 57% of the average price.

Sales structure 9M 2017 vs 9M 2016



Sales prices evolution (RON/MWh w/out Tg)



Sales structure analysis 9M 2017 vs. 9M 2016

- On **DAM (PZU)** the price obtained by SNN in 9M'17 followed the market trend, as the monthly average prices published by OPCOM for DAM sales in 9M'17 were as follows:

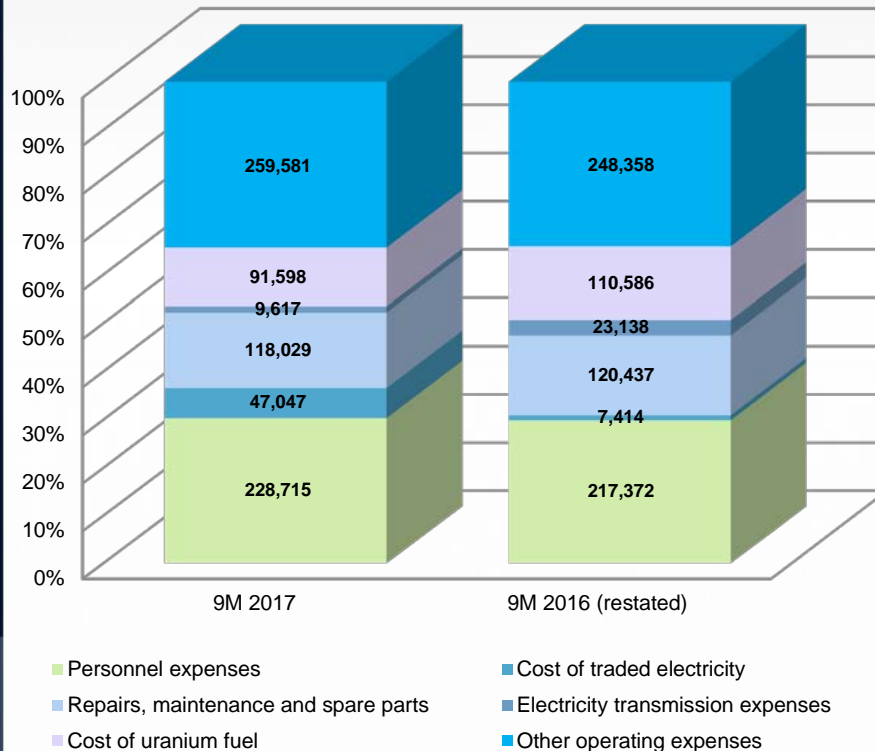
Average for 9M 2016	2017									Average for 9M 2017
	01	02	03	04	05	06	07	08	09	
138,04	337,74	243,14	165,54	172,38	193,61	193,99	230,94	260,42	197,66	221,71

- For the first nine months of 2017, SNN fulfilled its contractual obligations on the Regulated market and closely reached its target for the PCCB market by providing predictable contracts for longer periods of time, according to the sales strategy.

Quantities	9M 2017 actual	9M 2017 budgeted	Variation actual vs budgeted	9M 2016 actual	Variation comparative periods
Regulated market	529.174	529.174	0,0%	1.206.257	-56,1%
PCCB	5.474.603	5.637.681	-2,9%	3.838.501	42,6%
PZU	1.880.894	1.641.686	14,6%	2.556.369	-26,4%
Total	7.884.671	7.808.541	1,0%	7.601.127	3,7%

OPEX higher by 3,8% compared to 9M 2016

Operating expenses ('000 RON)

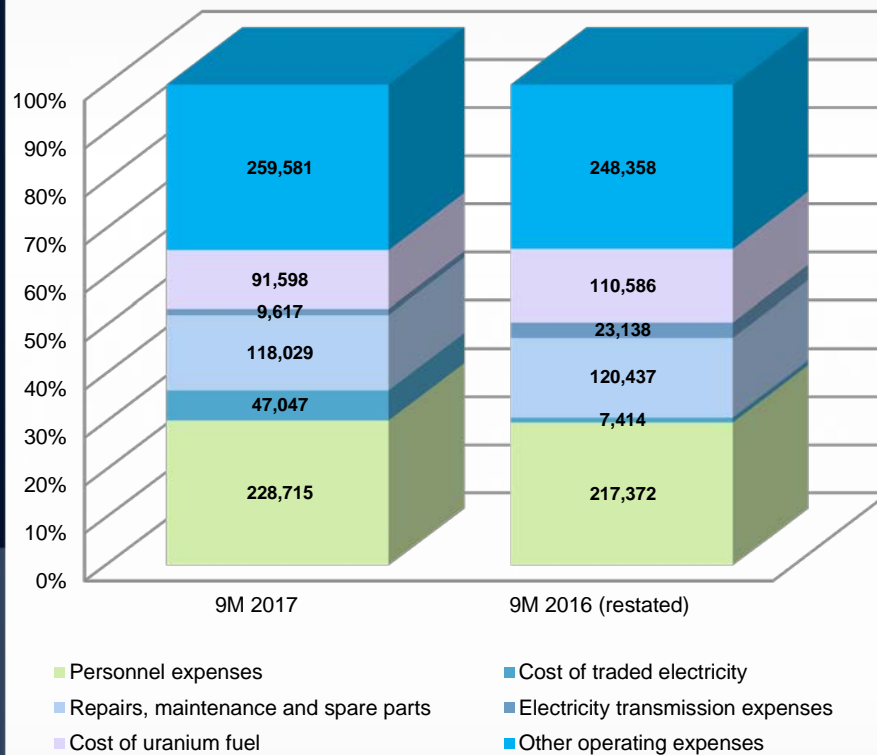


- **Personnel expenses:** increase by 5% compared to 9M 2016, mainly due to:
 - the recognition in Q1'17 of a provision regarding employee benefits granted after retirement starting with March 2017, representing the equivalent of 1200 kW/year given after the retirement date, valued by the actuary expert 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 Q3'17 were 2% below budgeted level.

- **Cost of traded electricity:** increase of 39.6 mil RON in 9M'17 compared to 9M'16, due to:
 - purchases from DAM of 10.8 mil RON in 9M'17 compared to 50k RON in 9M'16, to cover contractual obligations during planned outage of U2 in H1'17 (42.197 MWh in 9M'17 vs 374 MWh in 9M'16), as well as from energy purchased to cover contractual obligations during unplanned and programmed outages of U1 and U2 in 9M'17;
 - Increase in expenses with imbalances of 28.8 mil RON from 7.4 mil RON in 9M'16 to 36.2 mil RON in 9M'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 9M'17 compared to 9M'16, caused by unplanned and programmed outages of U1 and U2 in 9M'17.
- **Cost of uranium fuel:** decreased by 17% due to decrease in the average acquisition cost of sintered uranium dioxide powder used in the production of fuel bundles in 9M'17, which was consumed at an average cost of about 378 RON/kg, coming from the existing stock as at 31 December 2016, acquired in 2017 from Cameco Inc. and also from sintered uranium dioxide powder resulting from non-compliant nuclear material processing, compared to the average cost of 472 RON/kg used for the fuel bundles consumed in 9M'16, coming from existing stock as at 31 December 2015 purchased from Cameco Inc; the last contract concluded with Cameco Inc. in 2017 established a price of 337 RON/kg (equivalent of USD at contract date) for 120 TO uranium powder acquisition;

OPEX higher by 3,8% compared to 9M 2016 (cont'd)

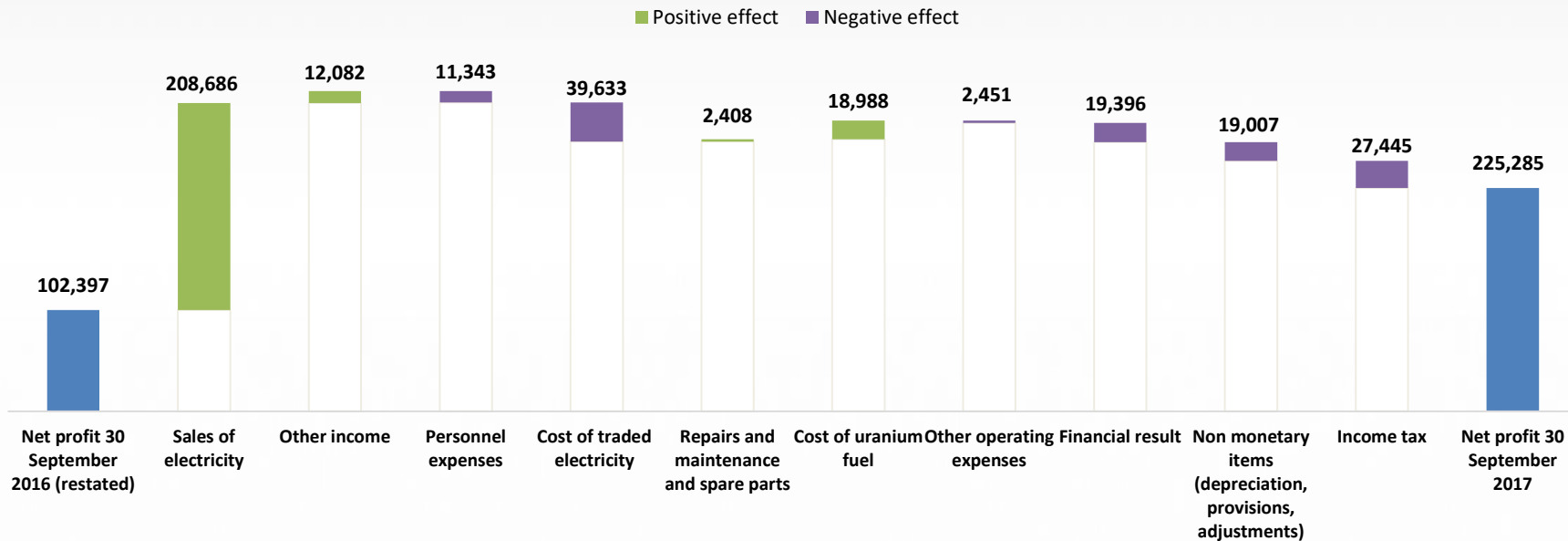
Operating expenses ('000 RON)



- **Electricity transmission expenses:** decreased by 58% 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; starting with July 1st 2017 the tariff is set at 1,05 RON/MWh);
- **Other operating expenses:** increase by 4.5% in 9M'17 compared to 9M'16, mainly due to increase of expenses with 8,3 mil RON from 9M'16 to 9M'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 September 2017;
- **Tax on buildings, land and special constructions:** derecognition of taxes under IFRIC 21 affecting Q1'17, respectively cumulated 9M'17 and 9M'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 9M'16).

Net profit 9M 2017 increased significantly compared to 9M 2016

Net result evolution (RON '000)



- Net result evolution benefited from positive evolution of sales of electricity (including sales of thermal energy), cost of uranium fuel, other income (including work in progress variation) and repairs, maintenance and spare parts expenses.
- The negative impact comes mainly from increase in cost of traded electricity, negative financial result, increase in income tax and depreciation and amortisation.

CAPEX

Capital expenditure of SNN in 9M 2017:

- 61.8 mil RON out of total investment program of 231.6 mil RON
- 26.7% completion degree

Ongoing investments [thousand RON]	New investments [thousand RON]	Investments made at the tangible assets (upgrades) [thousand RON]	Equipments [thousand RON]	Total value of investment program*) [thousand RON]	Degree of completion 30.09.2017 (%)
119,255	19,828	7,566	84,944	231,593	26.7%

*) Approved by GSM/29.03.2017.

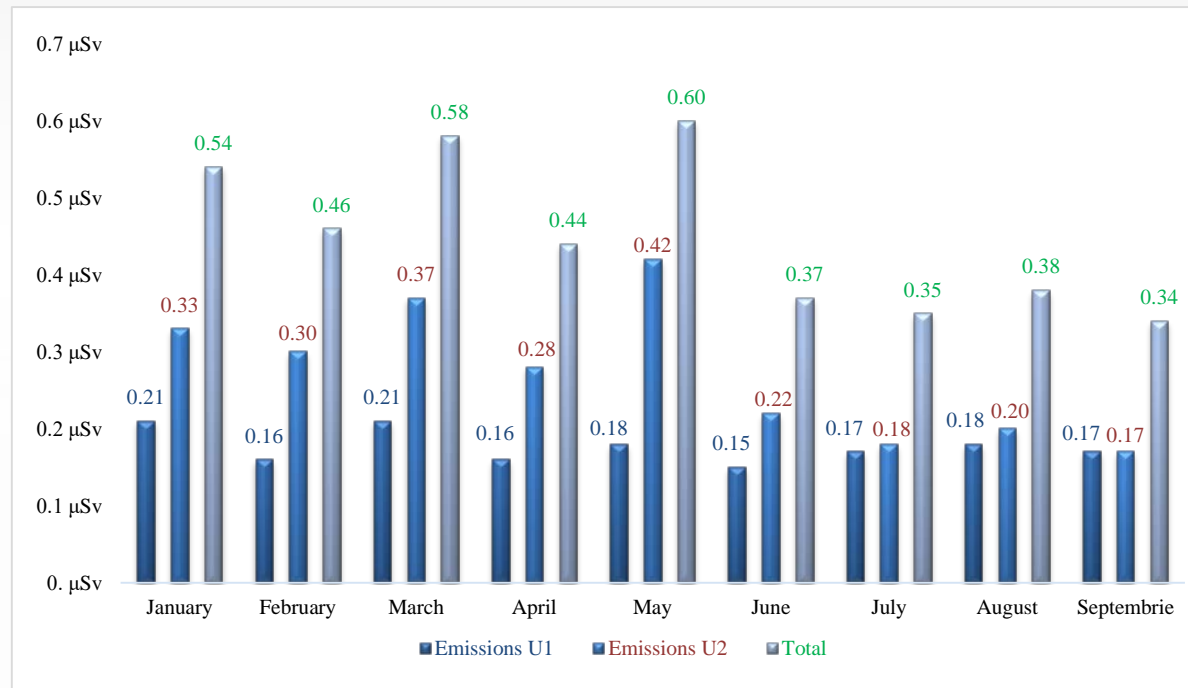
Completion degree is determined by:

- Savings obtained for investments performed in 9M'17 determining physical completion stage higher than value completion stage;
- Part of investments in progress were commissioned during 9M'17, while others are at the purchasing process stage, due to successive appeals to bids and delays in obtaining all the notifications, approvals and authorizations;
- Part of the budgeted investments included in the total investment program are scheduled for 2018 and fourth quarter of 2017.

9M 2017 Income statement

RON '000	9M ended 30.09.2017	9M ended 30.09.2016 (restated)	Variation (%)	3M ended 30.09.2017	3M ended 30.09.2016 (restated)	Variation (%)	Budget 9M 2017, adjusted for IFRIC 21	Variation (%)
	1	2	3=(1-2)/2	4	5	6=(4-5)/5	7	8=(1-7)/7
Revenues								
Sales of electricity	1,366,427	1,157,741	18.0%	496,708	433,977	14.5%	1,234,103	10.7%
Electricity transmission revenues	9,617	23,138	-58.4%	2,829	3,732	-24.2%	10,276	-6.4%
Total revenues	1,376,044	1,180,880	16.5%	499,538	437,709	14.1%	1,244,379	10.6%
Other income	25,645	13,563	89.1%	9,179	14,488	-36.6%	26,765	-4.2%
Operating expenses								
Personnel expenses	(228,715)	(217,372)	5.2%	(79,578)	(75,090)	6.0%	(233,372)	-2.0%
Cost of traded electricity	(47,047)	(7,414)	534.6%	(26,341)	(2,191)	1,102.3%	(66,371)	-29.1%
Repairs and maintenance	(102,159)	(100,934)	1.2%	(25,303)	(19,934)	26.9%	(99,683)	2.5%
Electricity transmission expenses	(9,617)	(23,138)	-58.4%	(2,829)	(3,732)	-24.2%	(10,276)	-6.4%
Costs with spare parts	(15,870)	(19,503)	-18.6%	(2,558)	(2,697)	-5.2%	(15,245)	4.1%
Cost of uranium fuel	(91,598)	(110,586)	-17.2%	(34,132)	(43,680)	-21.9%	(93,625)	-2.2%
Other operating expenses	(259,581)	(248,358)	4.5%	(84,145)	(92,473)	-9.0%	(314,573)	-17.5%
Total operating expenses	(754,588)	(727,306)	3.8%	(254,886)	(239,796)	6.3%	(833,145)	-9.4%
EBITDA	647,101	467,137	38.5%	253,830	212,401	19.5%	437,999	47.7%
Depreciation and amortisation	(370,183)	(359,949)	2.8%	(124,207)	(121,544)	2.2%	(369,626)	0.2%
EBIT	276,918	107,189	158.3%	129,623	90,857	42.7%	68,373	305.0%
Finance costs	(64,958)	(68,160)	-4.7%	(27,566)	(6,105)	351.5%	(74,390)	-12.7%
Finance income	61,097	83,694	-27.0%	12,223	35,125	-65.2%	79,870	-23.5%
Income tax charge, net	(47,772)	(20,326)	135.0%	(22,775)	(19,216)	18.5%	(11,782)	305.5%
Net profit	225,285	102,397	120.0%	91,505	100,661	-9.1%	62,071	262.9%

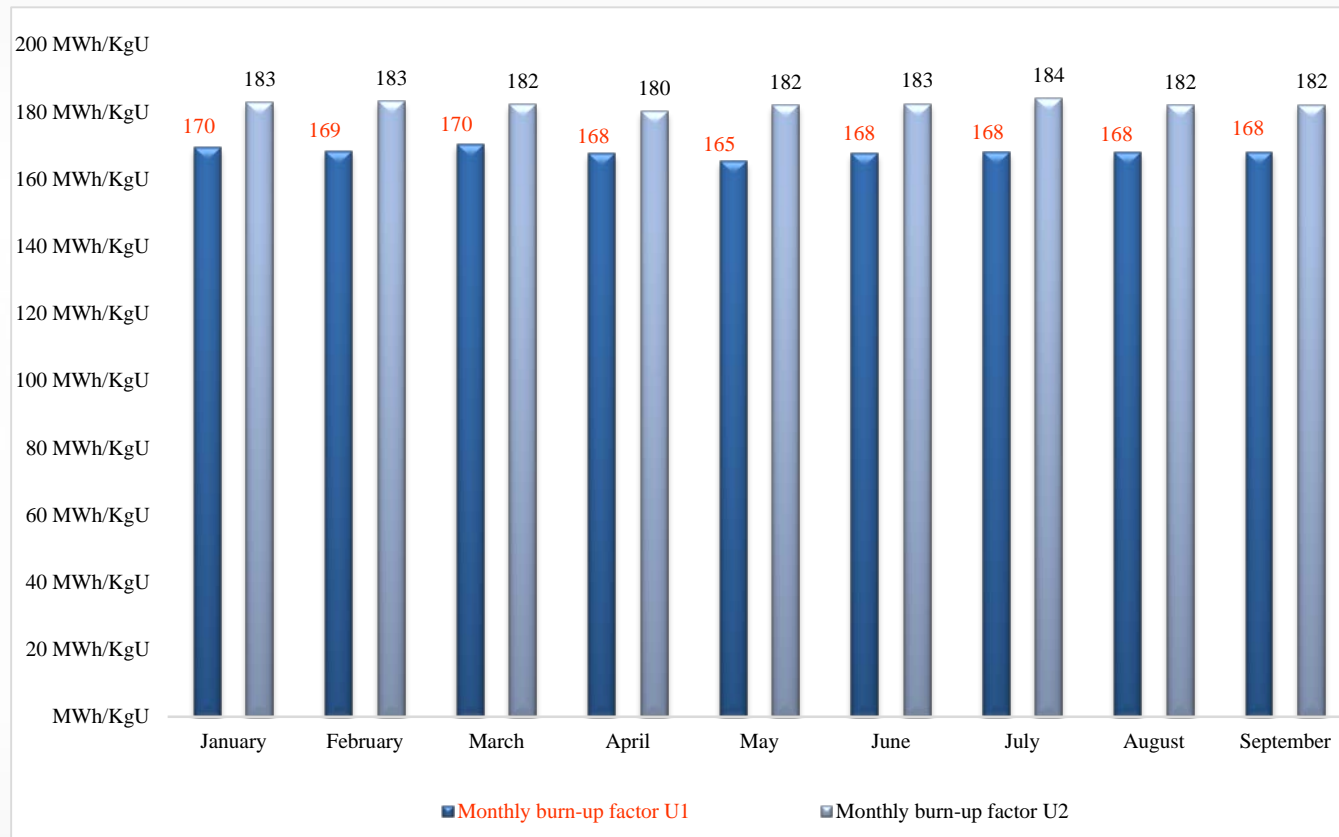
Radioactive emissions U1+U2 (μSv)



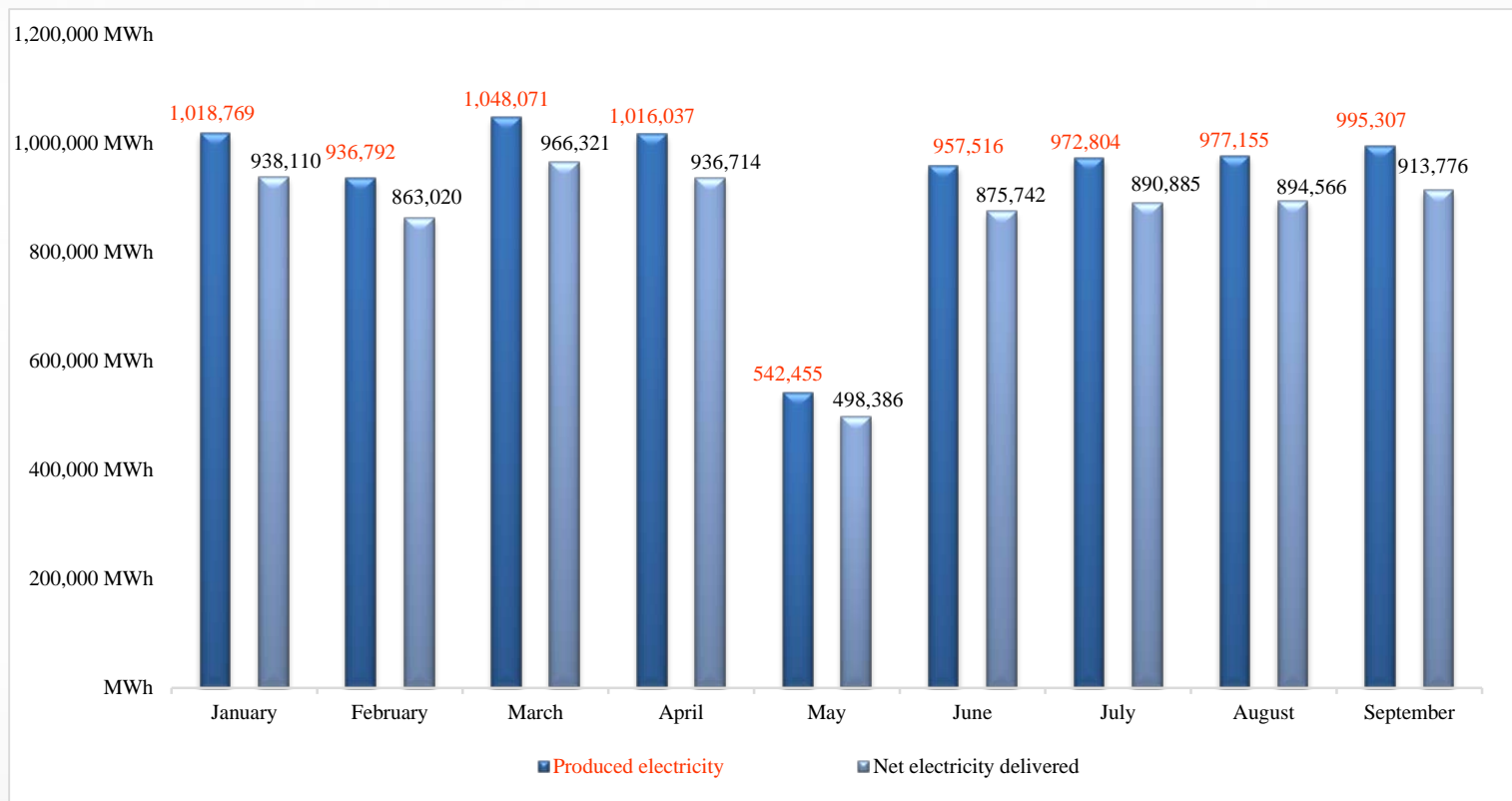
Total 9M 2017:	Anual limit:
4,02	8,50

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 9M 2017: 175,1 / Project estimated: 156,00)

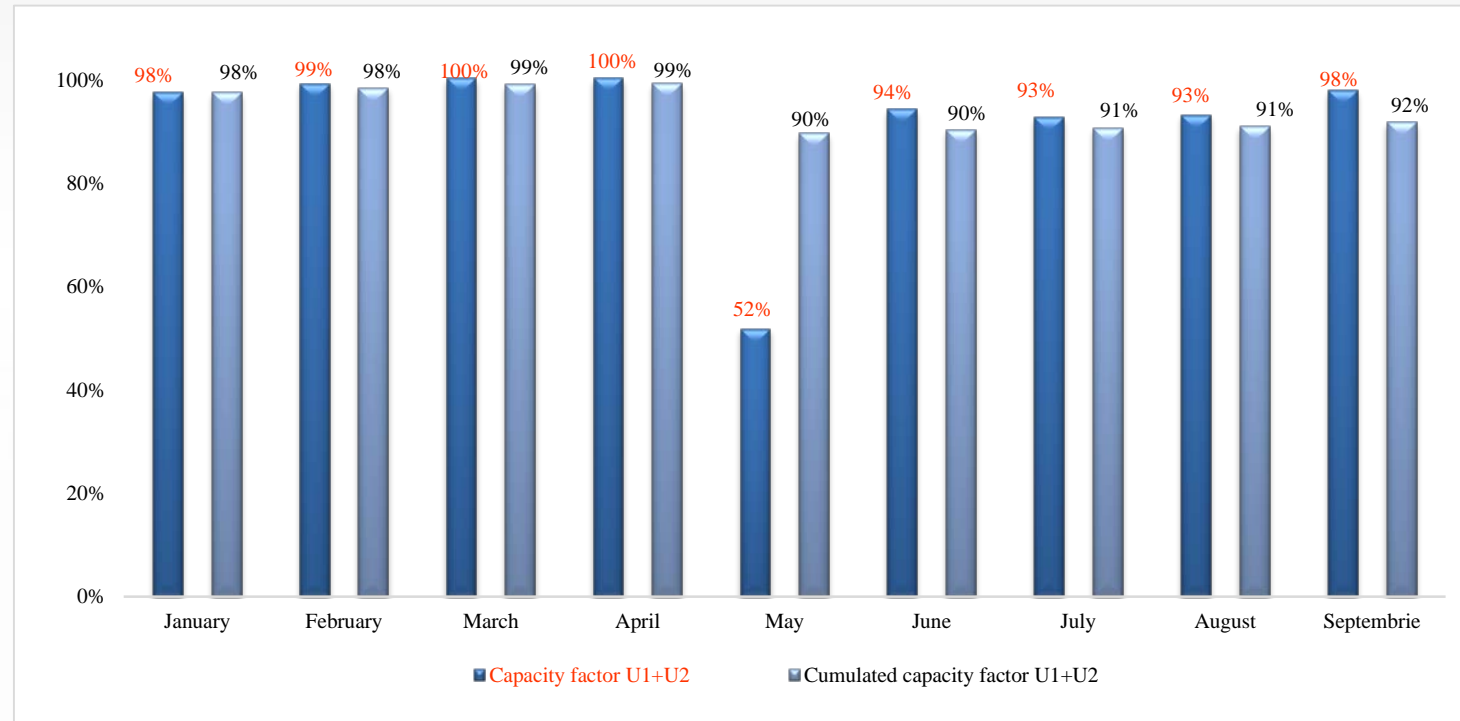


Produced electricity/net U1 + U2 (MWh)
(Produced electricity 9M'17: 8.464.905 MWh / Net electricity delivered 9M'17: 7.777.520 MWh*)
(Cumulated internal technological consumption (9M'17: 8,11%))



*net electricity delivered comprises net electricity produced and delivered for sale (9M'17: 7.760.368 MWh) and electricity used by one unit during its outage from the other unit

CANDU Technology Unit performance U1 + U2 (%) Capacity Factor (Cumulated 9M 2017: 91.8%)



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

- By General Shareholders' Meeting Decision no. 9/ 28.09.2017, Phase I of "Refurbishment of Unit 1 CNE Cernavoda Project Strategy" was approved to start.
- 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;
- August 24th, 2017 – SNN General Meeting of Shareholders approved 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.
- August 24th, 2017 – SNN GMS mandated the BoD to approve the terms and conditions of the negotiations in compliance with the MoU
- September 13th, 2017 – Negotiations started, according to the agreed schedule with CGN
- During September 2017, several rounds of negotiations took place for the Investment Agreement
- October, 2017 – The Negotiation Commission analysed the aspects discussed during the negotiations

SNN Investor Relation

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NUCLÉARELECTRICA



Thank you!