



NUCLEARELECTRICA

**Report date: 11.05.2018**

**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: J40/7403/1998**

**Subscribed and paid share capital: RON 3.015.138.510**

**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 art. 67 of Law 24/2017 regarding issuers of financial instruments and market operations and The Regulation of the Romanian National Securities Commission no. 1/2006 regarding the issuers and securities operations, as subsequently amended**

**Important event to be reported**

**The availability of the Quarterly Report for the period January 1<sup>st</sup> – March, 31<sup>st</sup>, 2018**

Societatea Nationala Nuclearelectrica S.A. (“SNN”) informs the shareholders and investors on the availability of the Quarterly Report related to the first quarter of the 2018 financial year, prepared in compliance with the provisions of art. 67 of Law no. 24/2017 and with Appendix no. 30 of the Regulation of the Romanian National Securities Commission no. 1/2006, starting with May 11<sup>th</sup>, 2018, as follows:

- In written format, by request, at the Bucharest Headquarter, 65 Polona Street, District 1, Communications and Investor Relations Department;
- Electronically on the company’s website, in the “Investor Relations – 2018 Financial Results” section ([www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)).

The Quarterly Report comprises :

- The main events in the company’s activity throughout the reporting period;
- The Individual Interim Condensed Unaudited Financial Statements as at and for the three month period ended on March 31, 2018, prepared in compliance with OMFP no. 2844/2016 for the approval of the Financial regulations in compliance with the International Financial Reporting Standards adopted by the European Union (IFRS – EU);
- The Quarterly Report of the Board of Directors on the administration activity for the period January 1 – March 31, 2018.

**Societatea Nationala NUCLEARELECTRICA S.A.**

65 Polona Street, District 1, 010494, Bucharest, Romania; Tel +4021 203 82 00, Fax +4021 316 94 00;

Trade Registry number: J40/7403/1998, Sole registration code: 10874881,

Paid and subscribed capital: 3.015.138.510 lei

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

## The main results:

### 1. The financial results for the period

Within the three month period ended on March 31<sup>st</sup>, 2018, SNN registered a net profit of 189.997 thousand RON, 51,7% higher than the similar period of the last year. The operating result (EBIT) has registered a 44,4% increase, while EBITDA registered an increase of 25,1% compared to the same period of the last year, mainly due to the increase of the operating income with 15% influenced by the increase in energy sales of 11,8%.

Thousand RON	3-month period ended on March 31, 2018 (unaudited)	3-month period ended on March 31, 2017 (audited, restated)	Variation
<b>Production (GWh)*</b>	2,714	2,766	-1.9%
Operating income, of which:	571,008	494,997	15.4%
<i>Income from electricity sales**</i>	541,245	483,910	11.8%
Operating expenses, minus depreciation and amortization	(235,273)	(226,710)	3.8%
<b>EBITDA (Operating income before income tax, net financial expenses, depreciation and amortization)</b>	<b>335,735</b>	<b>268,287</b>	<b>25.1%</b>
Depreciation and amortization	(122,504)	(120,658)	1.5%
<b>EBIT (Operating result)</b>	<b>213,231</b>	<b>147,629</b>	<b>44.4%</b>
Net financial result	19,939	(1,838)	n/a
Profit tax expenses, net	(43,173)	(20,519)	110.4%
<b>Net profit</b>	<b>189,997</b>	<b>125,272</b>	<b>51.7%</b>

\*Electricity produced and delivered by CNE Cernavoda in the National Energy System.

\*\*Including revenues from the sale of thermal energy, insignificant in the total revenues.

\*\*\*Excerpt from the Interim Individual Condensed Unaudited Financial Statements as at and for the three month period ended on March 31, 2018

Following the full liberalization of the energy market starting with January 1<sup>st</sup> 2018, SNN's sales strategy was reconfigured in compliance with the new market conditions, with focus on the forward market and on long term contracts and stable prices, in order to capitalize the production of the units.

### 2. Electricity sales (quantities, prices and values) during the first quarter of 2018

The net production of electricity of the two units in the first quarter of 2018 was of 2.950.627 MWh.

Sales on types	Quantities in MWh	% % of total sales	Average price [lei/MWh with included Tg]	Revenues from sales [lei]
Sales on the free market (bilateral contracts and PZU contracts), out of which:	2,757,492	99.7%	196.29	541,261,904
- Contract sales PCCB - LE, PCCB - NC, PCSU and supply contracts	2,278,684	82.4%	203.86	464.535.818

- PZU sales	478,808	17.3%	160.24	76,726,086
PE positive unbalances <sup>*)</sup>	7,587	0,3%	94.94	720,317
<b>Total sales on 1st quarter of 2018</b>	<b>2,765,079</b>	<b>100%</b>	<b>196.01</b>	<b>541,982,221</b>

<sup>\*)</sup> NB: 12,801 lei of the presented value represents redistributed revenues resulted from the balancing of the system, based on the application of ANRE order no. 51/2016 and ANRE order no. 76/2017.

During the three months period concluded on 31 March 2018, the Company did not sell energy on the regulated market (11% during the first three months of 2017), registering an increase of 12% of the quantity of energy sold on the competitive market compared to the similar period of the previous year. Compared to the same period of last year, the quantity of energy sold on the competitive market for bilateral contracts increased by 11%, capitalizing on an increase of the average sale prices on this market of 24% (price without Tg) while the quantity of energy sold on the spot market (PZU) increased with 17% while the average price on this market was lower by 32% (price without Tg).

The electricity quantity sold based on contracts, on the spot market (PZU) and on PE is 2,765,079 MWh, with 0.07% less than the sales program, of 2,767,094 MWh (sized on the production estimate, without estimating unplanned outages) and 0.87% less than the electricity quantity sold in Q1 of 2017. The difference between the electricity sold by the Company and the electricity produced and delivered by CNE Cernavoda is represented by the electricity purchased for fully covered the contractual obligations, an electricity quantity that was purchased 74% from PE and the rest from PZU.

The revenues obtained from the electricity market related to electricity deliveries in Q1 2018 are 541,982,221 lei (out of which 12,801 lei represents redistributed revenues resulted from balancing the system, based on the application of ANRE Order no. 51/2016 and ANRE Order no. 76/2017), 2.39% lower than the budget revenues for Q1 2018, and 11.4% higher than the same period of the previous year.

### **3. The completion stage for the major investment objectives at the end of the first quarter of 2017**

The total value of the investment program of SNN for 2018 is 244,867 thousand lei (without the component allocated to the payment of the debt service related to long-term loans), a program approved by Resolution no. 3/02.03.2018 of the Ordinary General Assembly of Shareholders of SNN.

As in the previous years, the highest rate in the investment program is for long-term investments (ongoing). This is due to the need of upgrade/replacement of certain systems, out of economical reasons (specific consumption deductions, improvement of certain parameters related to served processes, with a positive impact on efficiency), out of legal reasons – the need to implement new upgrades associated with nuclear security, environment protection and labor security representing imperative requirements from the regulatory authorities in the field (e.g.: CNCAN and the Ministry of Environment).

The investment program of SNN for 2018 annexed to BVC was value-sized by considering the ongoing contractual commitments, the estimates regarding the investment objectives to be made in the following year, including amounts allocated to investment projects for which the fulfillment of certain requirements outside the control of SNN is anticipated (e.g. prior approvals of regulation authorities, legal terms regarding the completion of public tender procedures, including appeals, obtaining the necessary approvals from SNN corporate bodies, etc.), in order to allow the implementation of these projects by fitting into the approved budget values.

On March 31, 2018, the value of the investment program was 3.5%, at an investment program value of 244,867 thousand lei for the year. The target level at the end of the first quarter of 2017, also considered for the first quarter of 2018, was at least 5%. Thus, a 3.5% achievement rate of at least 5% is a 70% achievement of the investment plan to be achieved in the first quarter of 2018.

The 5% target level associated with the first months of the year is justified by the fact that the first months of the year are dedicated to planning/contracting, with investment projects to be implemented predominantly in the second half of the year. Thus, (i) for further investment projects - a high value share is associated with the works to be delivered starting with the second quarter, for example during the planned stop, and (ii) for the new investment projects, their implementation starts in part second of the calendar year following the signing of the related contracts.

The value degree analysis must consider the fact that this can differ from the physical achievement degree; thus, if an investment project was successfully completed, the physical achievement degree is 100% but the value “achievement” degree can be sub-unitary, namely less than 100%, if the project was implemented at a cost lower than the budget amounts; these savings are benefits for the company, because the same results are obtained with lower resources.

Additional information may be obtained at the Communications and Investor Relations Department via e-mail: [investor.relations@nuclearelectrica.ro](mailto:investor.relations@nuclearelectrica.ro).

**Cosmin Ghita**

**Chief Executive Officer**