



**Report date: 26.04.2018**

**Name of issuing entity: NUCLEARELECTRICA S.A. National Company**

**Social headquarters: 65 Polona St., district 1, Bucharest**

**Telephone/Fax: 021.203.82.00 / 021.316.94.00**

**Sole Registration Code with the Trade Registry Office: 10874881**

**Running number with the Trade Register: J40/7403/1998**

**Subscribed and paid-up 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 according to the provisions of Law no. 24/2017 and the Regulation of the National Securities Commission no. 1/2006 on issuers and transactions with securities, with subsequent amendments and completions**

**Significant event to report:**

**Annual Report concerning the financial year ended on 31 December 2017**

Nuclearelectrica S.A. National Company ("SNN") informs shareholders and investors about the publication of the Annual Report for the financial year 2017, prepared in accordance with the provisions of art. 63 of Law no. 24/2017 and Annex no. 32 to the C.N.V.M. Regulation no. 1/2006.

The annual report for the financial year 2017 shall comprise:

- (i) The main events of the company's activity during the reporting period;
- (ii) Individual annual financial statements audited at the date and for the financial year ended on December 31, 2017 prepared in accordance with *OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards ("IFRS-EU")*, together with the independent auditor's report;
- (iii) Individual annual financial statements audited at the date and for the financial year ended on December 31, 2017 prepared in accordance with *OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards ("IFRS-EU")*, together with the independent auditor's report.

**NUCLEARELECTRICA S.A. National Company**

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Trade Register no.: J40/7403/1998, Sole Registration Code (VAT No./CUI): 10874881,

Subscribed and paid-up share capital: Lei 3,015,138,510

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## The main results

In 2017, SNN recorded a net profit of 303,876 thousand lei. The main results are presented below and are extracted from the simplified individual financial statements audited at the date and for the period ended on December 31, 2017, as follows:

Thousand Lei	2017 (audited)	2016 (audited, retreated)	Variation
Operating income, of which:	1,932,900	1,680,220	15.0%
<i>Income from electricity sales**</i>	<i>1,884,741</i>	<i>1,620,770</i>	<i>16.3%</i>
Operating expenses, minus depreciation and amortization	(1,060,388)	(1,048,907)	1.1%
<b>EBITDA</b>	<b>872,512</b>	<b>631,313</b>	<b>38.2%</b>
Depreciation and amortization	(497,185)	(474,392)	4.8%
<b>EBIT</b>	<b>375,327</b>	<b>156,921</b>	<b>139.2%</b>
Net financial expenses	(18,449)	(29,004)	-36.4%
Net income tax expense	(53,002)	(14,721)	260.0%
<b>Net profit</b>	<b>303,876</b>	<b>113,196</b>	<b>168.5%</b>

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

*Extract from the individual financial statements audited for the financial year ended on 31 December 2017, rounded amounts in thousands lei.*

The main factors contributing to the results of 2017 as compared to last year:

- Increasing the net energy output to 10,580 GWh in 2017 as compared to 10,388 GWh in 2016, due to the shorter duration of the planned outage of Cernavoda CNE Unit 2 in 2017 as compared to Unit 1 in 2016, when extensive maintenance works were carried out, considering this is to be done only once during the initial lifetime of the reactor.
- The EBITDA increase by 38.2% compared to the same period of the previous year, mainly following the increase of operational profit by 139.2%, influenced by the increase by 16.3% of the revenues from the sale of electricity
- The diminishing of the percentage of energy sold on the regulated market from 13.9% in 2016 to 5.7% in 2017
- The increase in the average sale price of the bilateral contracts concluded on the OPCOM markets, with delivery in 2017 by 3.23% compared to the level registered in 2016 (average price without the electricity transmission fee within the network).
- Increasing the weighted average price on PZU from 138.58 lei/MWh in 2016 to 207.14 lei/MWh in 2017 (average price without the electricity transmission fee within the network), which positively affected the result of sales even under the conditions of reducing the amount of energy sold by SNN on this marginal market segment in 2017, SNN's policy being one of sale under increased conditions of predictability and price stability on bilateral contracts concluded for a long time.

## Electricity output in 2017

Electricity output	2017			2016		
	Unit 1	Unit 2	Total	Unit 1	Unit 2	Total
Gross production (GWh)	5,986	5,523	<b>11,509</b>	5,196	6,090	<b>11,286</b>
Net production (GWh)	5,485	5,095	<b>10,580</b>	4,766	5,622	<b>10,388</b>
Capacity factor (%)	97.14	89.72	<b>93.43</b>	83.78	99.09	<b>91.44</b>

## Electricity sales in 2017

Indicator [lei]	2017		2016	
	GWh	Value [thousand lei]	GWh	Value [thousand lei]
<b>Electricity sales, out of which:</b>	<b>10,745</b>	<b>1,882,545</b>	<b>10,458</b>	<b>1,618,747</b>
Regulated contracts	609	96,738	1,455	236,675
Contracts on the free market	10,136	1,785,807	9,003	1,382,072
- OPCOM contracts	7,720	1,286,224	5,975	964,387
- PZU/PI	2,388	494,661	3,001	415,873
- Balancing market*)	28	4,922	27	1,812

\*) Values related to the positive unbalances on the Balancing Market, according to the conventions concluded with the system and transport operator Transelectrica S.A. and internal settlement results in PRE Ciga Energy.

In 2017 the energy quantity sold on **regulated contracts** represented approximately 5.7% of the total sales, SNN reducing its dependency on the regulated contracts compared to 2015 when this percentage was 20.8%, and in 2016 it was 13.9%. The sales revenues on the regulated market in 2017 represented approximately 5.1% in the total revenues, while in 2016 these represented 14.6%. Starting with 2018, ANRE no longer assigns to the manufacturers quantities of energy for sales on the regulated market.

The average price registered by SNN **on the centralized market of bilateral contracts** showed significant fluctuations in 2017: from a maximum price of 158.06 lei/MWh in the first quarter to a minimum of 178.12 lei/MWh in the fourth quarter. The prices corresponding to each month in 2017 were influenced by the weight of the energy produced from renewable sources in the National Energy System, the impact of the energy produced from hydrological sources, and the decrease of the electricity area transportation fee (Tg) starting with July 2017 (by 0.29 lei/MWh), but to a lower degree than the weighted average prices calculated for all the transactions on the wholesale market, due to the high weight of the contracts with average delivery periods in the SNN portfolio. The average price for the contracts concluded on the OPCOM markets with delivery in 2017 was 2.43% higher than the one registered in 2016.

The energy sold on **the spot market (PZU and PI)** by SNN in 2017 represented approximately 22.2% of the total sales in 2017, compared to 28.7% in 2016, and to 10.2% in 2015. The decrease of the weight was predominantly generated by the increase of the volume of electricity contracted on bilateral platforms, especially in the 2nd quarter, associated by the high production caused by a smaller number of outage hours of the CNE units. The average sale price obtained by SNN on the spot market in 2017 was higher than the one obtained by contracts, and it followed the evolution of the average prices set by the spot markets of Europe. The weighted average annual price achieved by SNN on PZU was of 208.32 lei/MWh, increasing from the value corresponding to 2016 which was of 141.30 lei/MWh.

## Investment program

The total value of the investment program for 2017 is 231,593 thousand lei (without the component allocated to the payment of the debt service related to long-term loans), a program certified by the Decision no. 10/22.02.2017 of the SNN BoD and approved by the Decision no. 1/29.03.2017 of the GOMS of SNN.

The comparative situation of the investment accomplishments (value and percentage) for January 1st - December 31st, 2017 compared to the same period of 2016 is presented in the table below:

Year	Value of the investment program [thousand lei]	Performed (01.01 - 31.12) [thousand lei]	Achievement level (01.01 - 31.12) (%)
2017	231,593	92,751	40.0%
2016	255,394	131,654	51.5%

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 economic 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 2017 was value-sized by considering the ongoing contractual commitments, the estimates regarding the investment objectives to be made in the following year (Units 3 and 4 for which the amount of 2 million EURO was budgeted, representing SNN’s contribution to the IPP-type company, an amount that is to be spent after its incorporation), 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.

**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.**

The main investments made by SNN are related to the operation and maintenance of Units 1 and 2 and only those expenses that meet the criteria for recognition as an asset are recognized in the investment category; in addition to capitalized expenses, annual and multiannual preventive and corrective maintenance programs involve the allocation of necessary funds to the operating expenses of the period in which they occur (for example, repair and maintenance, spare parts, etc.).

During 2017, 39 investment projects were carried out at Cernavoda CNE, out of which 3 represent major multi-annual investment objectives: Intermediate Used Fuel Storage with staged implementation, upgrading and expansion of the physical protection system and the improvement of the Cernavoda CNE response, respectively of the nuclear safety functions for events outside the design basis as a consequence of the nuclear accident at the Fukushima nuclear power plant, with a total value foreseen in the investment program for 2017 of 80,972 thousand lei.

Additional information can be obtained from: [investor.relations@nuclearelectrica.ro](mailto:investor.relations@nuclearelectrica.ro)  
Please access the link here below to view the 2017 Annual Report

**Cosmin Ghita**  
**Chief Executive Officer**