



Current report in accordance with provisions of Law no. 24/2017 on issuers of financial instruments and market operations and ASF Regulations no. 5/2018 regarding issuers of financial instruments and market operations

Report date: 14.11.2018

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

Registered office: 65 Polona St., district 1, Bucharest

Telephone/Fax Number: 021.203.82.00 / 021.316.94.00

Trade Register sole registration number: 10874881

Registration number in 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 (ASF)**

Significant event to report:

Quarterly report for the 9-month period ended on September 30th, 2018

Nuclearelectrica S.A. National Company ("SNN") informs shareholders and investors about the publication of the Quarterly Report for the period between January 1st and September 30th 2018, prepared in accordance with the provisions of art. 67 of Law no. 24/2017 on issuers of financial instruments and market operations and of Annex no. 13 to ASF Regulations no. 5/2018.

The quarterly report for the 9-month period ended on September 30th, 2018 includes:

- The main events of the company's activity during the reporting period;
- The unaudited simplified individual interim financial statements on the date and for the 9-month period ended on September 30th, 2018;
- The quarterly report of the Board of Directors on the administration activity for January 1st - September 30th, 2018.

I. Financial performance

Over the 9-month period ended on September 30th, 2018, SNN recorded a net profit of 320,996 thousand RON.

The main results are presented below and are extracted from the simplified individual financial statements audited at the date and for the 9-month period ended on September 30th, 2018.

Indicator [thousand RON]	9-month period ended on September 30th, 2018 (unaudited)	9-month period ended on September 30th, 2017 (audited, retreated)	Variation
Production (GWh)*	7,640	7,760	-1.55%
Operating income, of which:	1,574,294	1,401,689	12.31%
<i>Income from electricity sales**</i>	<i>1,519,372</i>	<i>1,366,427</i>	<i>11.19%</i>
Operating expenses, minus depreciation and amortization	(776,293)	(696,193)	11.51%
EBITDA	798,001	705,496	13.11%
Depreciation and amortization	(416,129)	(404,903)	2.77%
EBIT	381,872	300,593	27.04%
Net financial result	17,996	(3,861)	n/a
Corporate tax expenses, net	(78,872)	(46,542)	69.46%
Net profit	320,996	250,190	28.30%

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

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

The main factors that contributed to the results of the 9-month period ended on September 30th, 2018, compared to the same period last year, are:

- EBITDA increased by 13% as compared to the same period of the previous year, mainly following the increase of operational revenues by 12%, influenced by the increase by 11% of the revenues from the sale of electricity.
- Complete liberalization of the Romanian electricity market, starting January 1st, 2018, compared to the similar period of 2017 when SNN sold 7% of the energy sold at a regulated price.
- The quantity of electricity sold on the competitive market of bilateral contracts increased by 18% as compared to the similar period last year, and benefited from an increase of the average sale price on this market by 22% (price without Tg), while the electricity quantity sold on the spot market (PZU and PI) decreased by 27%, whereas an average sale price on this market lower by 16% (price without Tg) was registered.
- Increase in operating expenses by 11.51% compared to the similar period last year, amid increased personnel staff costs, in line with SNN's human resources strategy for attracting and retaining highly qualified workforce.
- Net currency exchange differences positively influenced the net result, so in the period January 1st - September 30th, 2018, net financial revenues were recorded, while in the same period of the previous year net financial expenses were recorded.

II. Production of electricity

The gross production of electricity of the two operational units of Cernavoda NPP was 8,330,941 MWh over the period January 1st - September 30th, 2018 (of which 2,917,829 MWh in the 3rd quarter of 2018); from this gross production, the own technological consumption of the Units during operation, and during the outages ensured from own production was of 691 thousand MWh over the period January 1st - September 30th, 2018 (of which 247 thousand MWh in the 3rd quarter of 2018).

Thus, the electricity produced and delivered in the National Energy System ("SEN") was 7,640,217 MWh over the period January 1st - September 30th, 2018, as compared to the same period of 2017 (7,760,368 MWh),

representing a 1.55% decrease; in the 3rd quarter of 2018, the quantity of electricity that was produced and delivered in SEN was of 2,670,946 MWh, a 0.88% decrease, as compared to the level recorded in the 3rd quarter of 2017 of 2,694,681 MWh.

The installed power usage factor, recorded by each operational unit within the Cernavoda NPP during the 3rd quarter of 2018, and cumulated after the start of commercial usage (Unit 1 on December 2nd, 1996, Unit 2 on November 1st, 2007) until September 30th, 2018 was as follows:

Cernavoda NPP unit	Cumulated First semester 2018	July 2018	August 2018	September 2018	Cumulated 2018	Cumulated from the commercial exploitation
Unit 1	78.78%	93.87%	94.36%	95.29%	84.08%	90.47%
Unit 2	98.62%	97.44%	95.95%	85.49%	96.74%	94.46%

The lower value of the installed power usage factor at Unit 1 Cernavoda NPP reflects the influence of the planned outage with an actual duration of 786 hours, registered since May 2nd, 2018 at 10:53 and which ended on June 4, 2018 at 05:02.

III. Electricity sales and price evolution

Electric power sales (quantities, prices and values) over the period January 1st - September 30th, 2018

Sales by types	Quantities in MWh	% of total sales	Average price [Ron/MWh with Tg included]	Revenues from sales [Ron]
Sales on the competitive market (bilateral contracts and PZU and PI contracts), out of which:	7,837,801	99.7%	194.03	1,520,763,474
- Contract sales PCCB - LE, PCCB - NC, PCSU and supply contracts	6,466,401	82.2%	198.28	1,282,182,239
- PZU and PI sales	1,371,400	17.5%	173.97	238,581,235
PE positive imbalances ^{*)}	25,215	0.3%	149.82	3,777,770
Total sales over the period January 1st - September 30th, 2018	7,863,016	100%	193.89	1,524,541,244

^{*)} NB: RON 349,218 of the value presented 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 and ANRE order no. 31/2018.

The revenues obtained from the electricity market related to electricity deliveries over the period January 1st - September 30th, 2018 are of RON 1,524,541,244 (out of which RON 349,218 represent redistributed revenues resulted from balancing the system, based on the application of ANRE Order no. 51/2016, ANRE Order no. 76/2017 and ANRE Order no. 31/2018), 1.3% higher than the budget revenues over the period January 1st - September 30th, 2018, and respectively 10.91% higher than the revenues in the same period of the previous year.

The average weighted sale price, for the electricity quantities sold (without PE), resulted over the period January 1st - September 30th, 2018, is of 194.03 RON/MWh (including Tg). For comparison, the weighted average price of all the transactions performed on the markets on which SNN operated over the period January 1st - September 30th, 2018 (PCCB - LE, PCCB - NC, PCSU and PZU), calculated based on the values published by OPCOM in the monthly market reports, is of RON 194.10/MWh. Over the period January 1st - September 30th, 2017, the average weighted sale price, for the energy quantities sold (without PE) was of

RON 173.80/MWh (including T_g).

The electricity quantities sold on the competitive market of bilateral contracts represented over the period January 1st - September 30th, 2018, a percentage rate of 82.2% out of the total volume of the sold electric power. The average sale price on bilateral contracts over the period January 1st - September 30th, 2018 was 198.28 RON/MWh (with T_g included), recording an increase of 21% as compared to the average price recorded over the period January 1st - September 30th, 2017, of 163.54 RON/MWh (with included T_g); given the fact that the values of the electric power input transport fee in the T_g network were the following: 1.34 RON/ MWh for the period January 1st, 2017 - June 30th, 2017 according to ANRE Order no. 27/June 22nd, 2016; 1.05 RON/MWh for the period July 1st, 2017 - June 30th, 2018 according to ANRE Order no. 48/June 22nd, 2017 and 1.18 RON/MWh for the period July 1st, 2018 - September 30th, 2018 according to ANRE Order no. 108 /June 20th, 2018.

On the spot market (PZU and PI), over the period January 1st - September 30th, 2018, a quantity of electricity representing 17.5% of the total sales volume was sold, compared to the percentage share of 23.8% recorded over the same period of 2017. The energy average selling price on the spot market (PZU and PI) achieved by SNN over the period January 1st - September 30th, 2018 was of RON 173.97/MWh (with T_g included), as compared to RON 207.48/MWh (with T_g included) recorded over the same period of 2017.

IV. Investment program on September 30th, 2018

The total value of the investment program of SNN for 2018 is 244,867 thousand RON (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.

The structure of the investment program of SNN for 2018 as well as the performance degree on September 30th 2018 is presented in the table below:

Year	Value of the investment program [thousand RON]	Performed (January 1st - September 30th) [thousand RON]	Achievement level (January 1st - September 30th) (%)
2018	244,867	116,626	47.6%
2017	231,593	61,836	26.7%

As in the previous years, the highest share 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 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.

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 represent benefits for the company, because the same results are obtained with lower resources.

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