



## QUARTERLY FINANCIAL REPORT

**regarding the economic and financial activity of S.N. Nuclearelectrica S.A. according to the provisions of art. 67 of Law no. 24/2017 on the issuers of financial instruments and market operations and Annex no. 13 to FSA Regulation no. 5/2018 on the issuers of financial instruments and market operations for the 9-month period that ended on September 30<sup>th</sup>, 2018  
(third quarter of the financial year of 2018)**

Quarterly report according to:	Art. 67 of Law no. 24/2017 on issuers of financial instruments and market operations and Annex no. 13 to ASF Regulation no. 5/2018 for the 9-month period that ended on September 30 <sup>th</sup> , 2018 (third quarter of the financial year 2018)
Report date:	November 8 <sup>th</sup> , 2018
Issuer's name:	<b>S.N. Nuclearelectrica S.A. ("SNN")</b>
Registered office:	Bucharest, No. 65, Polona Street, District 1
Telephone/Fax Number:	+40 21 203 82 00; +40 21 316 94 00
Web/Email:	www.nuclearelectrica.ro; office@nuclearelectrica.ro
Trade Register sole registration number:	10874881
Registration number in the Trade Register:	J40/7403/1998
Regulated market on which the issued securities are traded:	Bucharest Stock Exchange (www.bvb.ro) Premium Category
Subscribed and paid-up share capital:	RON 3,015,138,510 301.513.851 shares, nominal value of 10 lei/share, dematerialized, nominative, ordinary, indivisible, with equal voting rights, freely tradable on Bucharest Stock Exchange under t"SNN" symbol starting with 04.11.2013.
Main features of the securities issued by the issuer:	Unaudited simplified individual interim financial statements on the date and for the 9-month period ended on September 30 <sup>th</sup> , 2018 drafted according to the Order of the Ministry of Public Finance no. 2844/2016 for the approval of the Accounting Regulations according to the International Financial Reporting Standards ("IFRS"), based on International Accounting Standard 34 - "Interim financial reporting" adopted by the European Union.
Applicable accounting standards:	Romanian Leu (RON) - all the presented amounts are in RON, unless indicated otherwise.
Reporting currency:	<b>Third quarter of the financial year 2018</b>
Reported period:	

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## 1. ECONOMIC AND FINANCIAL SITUATION

The information and the unaudited simplified individual interim financial statements as at and for the period of 9 months ended on September 30<sup>th</sup>, 2018 presented in this report are not audited by the financial auditor of S.N. Nuclearelectrica S.A. and were drafted according to the Order of the Ministry of Public Finance no. 2844/2016 for the approval of the Accounting Regulations according to the International Financial Reporting Standards (“IFRS”), based on the International Accounting Standard 34 - “Interim financial reporting” passed by the European Union.

The presented indicators are in lei (RON) unless otherwise stated.

### a) Financial position statement as at September 30<sup>th</sup>, 2018

Indicator [thousand RON]	September 30 <sup>th</sup> , 2018 (unaudited)	December 31, 2017 (audited, retreated)	January 1, 2017 (audited, retreated)
Non-current assets	6,698,382	7,004,655	7,346,964
Current assets	2,477,489	2,239,865	1,992,193
<b>Total assets</b>	<b>9,175,871</b>	<b>9,244,520</b>	<b>9,339,157</b>
Equity	7,533,750	7,484,117	7,389,350
Total liabilities, out of which:	1,642,121	1,760,403	1,949,807
Long term liabilities	1,157,141	1,308,219	1,512,956
Short-term liability	484,980	452,184	436,851
<b>Total Equity and Liabilities</b>	<b>9,175,871</b>	<b>9,244,520</b>	<b>9,339,157</b>

### b) Profit and loss account and comprehensive income for the 9-month period that ended on September 30<sup>th</sup>, 2018

Indicator [thousand RON]	3-month period ended on September 30 <sup>th</sup> , 2018 (unaudited)	3-month period ended on September 30 <sup>th</sup> , 2017 (unaudited, retreated)	9-month period ended on September 30 <sup>th</sup> , 2018 (unaudited)	9-month period ended on September 30 <sup>th</sup> , 2017 (unaudited, retreated)
Operating revenues	567,606	508,716	1,574,294	1,401,689
Operating expenses	(400,988)	(377,272)	(1,192,421)	(1,101,096)
<b>Operating profit</b>	<b>166,618</b>	<b>131,444</b>	<b>381,873</b>	<b>300,593</b>
Financial revenues	18,491	12,223	65,142	61,097
Financial expenses	(15,431)	(27,566)	(47,147)	(64,958)
<b>Net financial income/(expense)</b>	<b>3,060</b>	<b>(15,343)</b>	<b>17,995</b>	<b>(3,861)</b>
<b>Profit before income tax</b>	<b>169,678</b>	<b>116,101</b>	<b>399,868</b>	<b>296,732</b>
Net income tax expense	(30,996)	(23,173)	(78,872)	(46,542)
<b>Profit for the period</b>	<b>138,682</b>	<b>92,928</b>	<b>320,996</b>	<b>250,190</b>
<b>comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,990)</b>
<b>Comprehensive income</b>	<b>138,682</b>	<b>92,928</b>	<b>320,996</b>	<b>248,200</b>
<b>Basic earnings per share (RON/share)</b>	<b>0.46</b>	<b>0.31</b>	<b>1.06</b>	<b>0.83</b>
<b>Diluted earnings per share (RON/share)</b>	<b>0.46</b>	<b>0.31</b>	<b>1.06</b>	<b>0.83</b>

## **2. SIGNIFICANT EVENTS**

### **2.1. Significant events during the third quarter of 2018**

Other significant events over the 9-month period ended on September 30<sup>th</sup>, 2018, that were not already presented within the quarterly report related to the first half of 2018 are the following:

#### **a) Implementing the Business Ethics and Code of Conduct**

By the Current Report published on July 5, 2018, S.N. Nuclearelectrica S.A. announces the implementation of the Business Ethics and Code of Conduct, applicable to the managers, employees, business partners, contractors and consultants of the company.

The Business Ethics and Code of Conduct is drafted according to the most recent business and governance standards and can be accessed from the website of S.N. Nuclearelectrica S.A. ([www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)), “Investors Relation/Corporate governance/Regulations” section.

#### **b) Changes in the management of the CNE Cernavoda branch**

By the Current Report published on August 30<sup>th</sup>, 2018, S.N. Nuclearelectrica S.A. informs the shareholders and investors that, starting with September 1<sup>st</sup>, 2018, Mr. Dan Bigu will be the Manager of the CNE Cernavoda Subsidiary, as a result of the completion of the internal competition to fill this position, in compliance with the applicable legal provisions.

#### **c) Changes in the management of the Company**

By Resolution no. 153/August 22<sup>nd</sup>, 2018, the Board of Directors of SNN appointed Mr. Cosmin Ghita as the Chief Executive Officer of SNN, for 2 months, starting with September 5<sup>th</sup>, 2018, namely a temporary mandate.

By Resolution no. 153/August 22<sup>nd</sup>, 2018, the Board of Directors of SNN appointed Dan Laurentiu Tudor and Toni Viorel Lary as Deputy General Managers of SNN, for 2 months, starting with September 5<sup>th</sup>, 2018, namely temporary mandates. Mr. Dan Laurentiu Tudor is responsible for coordinating public procurements, legal activities, corporate business and human resource strategies and policies on SNN level, and Mr. Toni Viorel Lary is responsible for coordinating the activities related to the development of investment projects and activities for obtaining revenues related to energy transactions.

By Resolution no. 153/August 22<sup>nd</sup>, 2018, the Board of Directors of SNN appointed Mr. Adrian Gabriel Dumitriu as the Chief Financial Officer of SNN, for 2 months, starting with September 5<sup>th</sup>, 2018, namely a temporary mandate.

By Resolution no. 12 /September 28<sup>th</sup>, 2018 of the Ordinary General Meeting of the Shareholders of SNN, the structure of the Board of Directors of SNN was approved, for a four-year term, starting with September 28<sup>th</sup>, 2018, as follows:

Item no.	Name and surname	Date of mandate expiry
1.	Iulian – Robert Tudorache <sup>*)</sup>	28.09.2022
2.	Cosmin Ghita <sup>**)</sup>	28.09.2022
3.	Dumitru Remus Vulpescu	28.09.2022
4.	Cristian Gentea	28.09.2022
5.	Elena Popescu	28.09.2022
6.	Cristian Dima	28.09.2022
7.	Mihai Daniel Anitei	28.09.2022

<sup>\*)</sup> Chairman of the Board of Directors of SNN, in virtue of the Resolution of the Board of Directors no. 165/October 2<sup>nd</sup>, 2018.

<sup>\*\*)</sup> also occupies the position of Chief Executive Officer of SNN.

By resolution no. 166/October 2<sup>nd</sup>, 2018, the Board of Directors of SNN established the structure of the advisory committees, as follows:

- The Advisory Committee for Nomination and Remuneration: *Cristian Dima*, Iulian – Robert Tudorache and Dumitru Remus Vulpescu;
- The Advisory Audit Committee: *Dumitru Remus Vulpescu*, Cristian Dima and Mihai Daniel Anitei;
- The Advisory Committee for Nuclear Safety: *Cristian Gentea*, Elena Popescu and Cosmin Ghita;
- The Advisory Committee for Strategy, Development and Large Investment Projects: *Elena Popescu*, Cristian Gentea, Mihai Daniel Anitei, Cosmin Ghita and Iulian – Robert Tudorache.

#### d) Tritium Removal Facility CNECernavoda Project

By Resolution no. 9/August 22<sup>nd</sup>, 2018 of the Extraordinary General Meeting of Shareholders of SNN, the Strategy of implementation of the Investment Project entitled “Tritium Removal Facility at CNE Cernavoda” was approved, according to the note submitted to the shareholders for this point on the agenda (point 6 of the EGMS agenda as of August 22<sup>nd</sup>, 2018).

#### e) Empowerment of the Board of Directors to conduct a due diligence-type analysis

By Decision no. 9 /August 22<sup>nd</sup>, 2018 of the Extraordinary General Meeting of the Shareholders of SNN, the empowerment of the Board of Directors for the performance of a due diligence analysis was approved (technical, environmental, financial, legal), in view of a potential takeover of the uranium octoxide processing line (U3O8 ) in uranium dioxide (UO2) from CNU Branch Feldioara.

### 2.2 Significant events subsequent to the date of September 30<sup>th</sup>, 2018

By Resolution no. 176 /October 23<sup>rd</sup>, 2018, the Board of Directors of SNN approved the extension of mandate contracts for the Chief Executive Officer, Deputy Chief Executive Officers and Chief Financial Officer for a period of 4 months, starting with November 6<sup>th</sup>, 2018, respectively temporary mandates.

By Resolution no. 186 /October 29<sup>th</sup>, 2018, the Board of Directors of SNN approved the initiation of the selection procedure of the CEO, two Deputy CEOs and CFO, in compliance with the provisions of art. 35 of the Emergency Ordinance no. 109/2011 on Corporate Governance of Public Enterprises, as further amended and supplemented, and the empowerment of the Nomination and Remuneration Advisory Committee for the performance of the selection procedure.

### 3. ECONOMIC AND FINANCIAL INDICATORS

The performance of SNN is reflected in the accomplishment of the main economic financial indicators, as follows:

Indicator name	Calculation method	M.U.	Value on September 30 <sup>th</sup> , 2018 <sup>*)</sup>
<b>1. The current liquidity indicator</b>	Current assets/ Current debts	x	5.11
<b>2. Debt ratios</b>			
2.1. Debt ratio (1)	Borrowed capital/ Equity x 100	%	12.8%
2.1. Debt ratio (2)	Borrowed capital/ Engaged capital x 100	%	11.4%
<b>3. Accounts receivables turnover rate</b>	Average accounts receivables/ Turnover x 270	days	23
<b>4. Fixed assets turnover rate<sup>**)</sup></b>	Turnover/ Non-current assets	x	0.3

<sup>\*)</sup> Based on the Unaudited Simplified Individual Interim Financial Statements as at and for the 9-month period ended on September 30<sup>th</sup>, 2018.

<sup>\*\*)</sup> The fixed assets turnover rate is calculated by extrapolation the quarterly turnover (360 days/270 days).

#### **4. STATEMENTS AND SIGNATURES**

Based on the best available information, we confirm that the Unaudited Simplified Individual Interim Financial Statements as at and for the 9-month period ended on September 30<sup>th</sup>, 2018 drafted according to the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations according to the International Financial Reporting Standard (“IFRS”), based on the International Accounting Standard 34 – “Interim financial reporting” adopted by the European Union, provides an accurate and real image regarding the financial position, the financial performance and the cash flows for the 9-month period ended on September 30<sup>th</sup>, 2018 and that this report, drafted according to the provisions of art. 67 of Law no. 24/2017 on the issuers of financial instruments and market operations and Annex no. 13 to ASF Regulation no. 5/2018 regarding issuers of financial instruments and market operations for the 9-month period ended on September 30<sup>th</sup>, 2018, comprises accurate and real information according to the development and performance of the company.

**Iulian Robert Tudorache,**  
**Chairman of the Board of Directors**

**Approved,**  
**Adrian Gabriel Dumitriu,**  
**Chief Financial Officer**

## **5. APPENDIXES**

### **5.1 – Major LITIGATIONS in progress on September 30<sup>th</sup>, 2018 (over 500 thousand RON), including the non-monetary evaluated ones**

The list of major litigations in progress as of September 30<sup>th</sup>, 2018 is found in Annex 4 – “Major litigations in progress on September 30<sup>th</sup>, 2018 (over 500 thousand RON), including those that did not undergo monetary evaluation” included in the Quarterly report of the Board of Directors of S.N. Nuclearelectrica S.A. on the management activity for period January 1<sup>st</sup> – September 30<sup>th</sup>, 2018, published on the website of S.N. Nuclearelectrica S.A. ([www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)), “Investors relation” section.

### **5.2 UNAUDITED SIMPLIFIED INDIVIDUAL INTERIM FINANCIAL STATEMENTS as at and for the 9-month period ended on September 30<sup>th</sup>, 2018**

Unaudited simplified individual interim financial statements as at and for the 9-month period ended on September 30<sup>th</sup>, 2018 drafted according to the Order of the Ministry of Public Finance no. 2844/2016 for the approval of the Accounting Regulations according to the International Financial Reporting Standards (“IFRS”), based on International Accounting Standard 34 - “Interim financial reporting” adopted by the European Union, are published on the website of S.N. Nuclearelectrica S.A. ([www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)), “Investor relation” section.

### **5.3 QUARTERLY REPORT of the Board of Directors on the administration activity for January 1<sup>st</sup> - September 30<sup>th</sup>, 2018**

The quarterly report of the Board of Directors for the period January 1<sup>st</sup> - September 30<sup>th</sup>, 2018 drafted according to provisions of art. 67 of Law no. 24/2017 on the issuers of financial instruments and market operations, is published on the website of S.N. Nuclearelectrica S.A. ([www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)), “Investors relation” section.