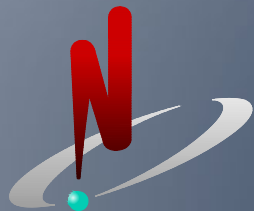




SNN Investors Teleconference

**Individual Interim Condensed Unaudited Financial
Statements as at and for the period of three
months ended on March 31, 2018
- Q1 2018-**

Bucharest: May 11st, 2018



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Q1 2018 Financial result highlights

RON '000	Q1 2018	Q1 2017	Variation (%)	Budget Q1 2018	Variation (%)
	1	2	3=(1-2)/2	4	5=(1-4)/4
Quantity of energy sold (Mwh), out of which:	2,765,079	2,789,218	(0.9%)	2,767,094	(0.1%)
Quantity of energy produced (Mwh)	2,713,982	2,766,310	(1.9%)	2,721,146	(0.3%)
Sales of electricity (including thermal energy)	541,245	483,910	11.8%	555,056	(2.5%)
Operating expenses	(235,273)	(226,710)	3.8%	(264,852)	(11.2%)
EBITDA	335,735	268,287	25.1%	307,287	9.3%
EBIT	213,231	147,630	44.4%	183,537	16.2%
Net profit	189,997	125,272	51.7%	151,716	25.2%

EBITDA: 335,735k RON (25% above Q1 2017)

Net profit: 189,997k RON (52% above Q1 2017)

Main drivers of Q1 2018 reported profit:

- **significant increase in electricity sales by 12%** on account of 12.6% increase of realized average prices (w/out T_g) and decrease of quantity sold with only 0.9%;
- **only 3.8% increase in OPEX** (w/out depreciation and amortization) in 3M'18 compared to 3M'17, mainly due to increase in cost of traded electricity and balancing market expenses, partly offset by the decrease of other expenses which are part of operating expenses;
- **positive financial result recorded in Q1 2018, compared to a negative financial result in Q1 2017.**

Q1 2018 Financial position

RON '000	31.03.2018 (unaudited)	31.12.2017 (audited, restated)	Variation (%)
Total non-current assets	6,827,216	6,948,684	(1.7%)
Inventories	328,327	332,349	(1.2%)
Trade and other receivables	204,847	161,339	27.0%
Cash and cash equivalents (incl. deposits)	1,962,086	1,746,177	12.4%
Total current assets	2,495,260	2,239,865	11.4%
Total assets	9,322,476	9,188,548	1.5%
Share capital and premium	3,242,115	3,242,115	-
Prepaid share reserve	21,554	21,554	-
Revaluation reserve	229,899	236,535	(2.8%)
Retained earnings	4,124,575	3,927,941	5.0%
Total shareholder's equity	7,618,142	7,428,145	2.6%
Long term borrowings	850,099	894,849	(5.0%)
Provisions for risks and expenses	129,366	137,036	(5.6%)
Other non-current liabilities	272,027	276,334	(1.6%)
Total non-current liabilities	1,251,491	1,308,219	(4.3%)
Accounts payable and other liabilities	199,502	214,691	(7.1%)
Current portion of provisions for risks and expenses	50,273	31,838	57.9%
Current portion of long term borrowings	203,066	205,655	(1.3%)
Total current liabilities	452,842	452,184	0.1%
Total liabilities	1,704,333	1,760,403	(3.2%)
Total equity and liabilities	9,322,476	9,188,548	1.5%

Current assets

- Increase of trade and other receivables by 27%: explained by the increase in realized average selling price for the outstanding receivables at March 31st, 2018.
- 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 & < 12M maturity) increased by 12,4% as compared to December 31st, 2017. Net cash position (cash and cash equivalents position less borrowings) as of March 31st, 2018 is 908.921k RON increased by 41% as compared to December 31st, 2017 (645.673k RON).

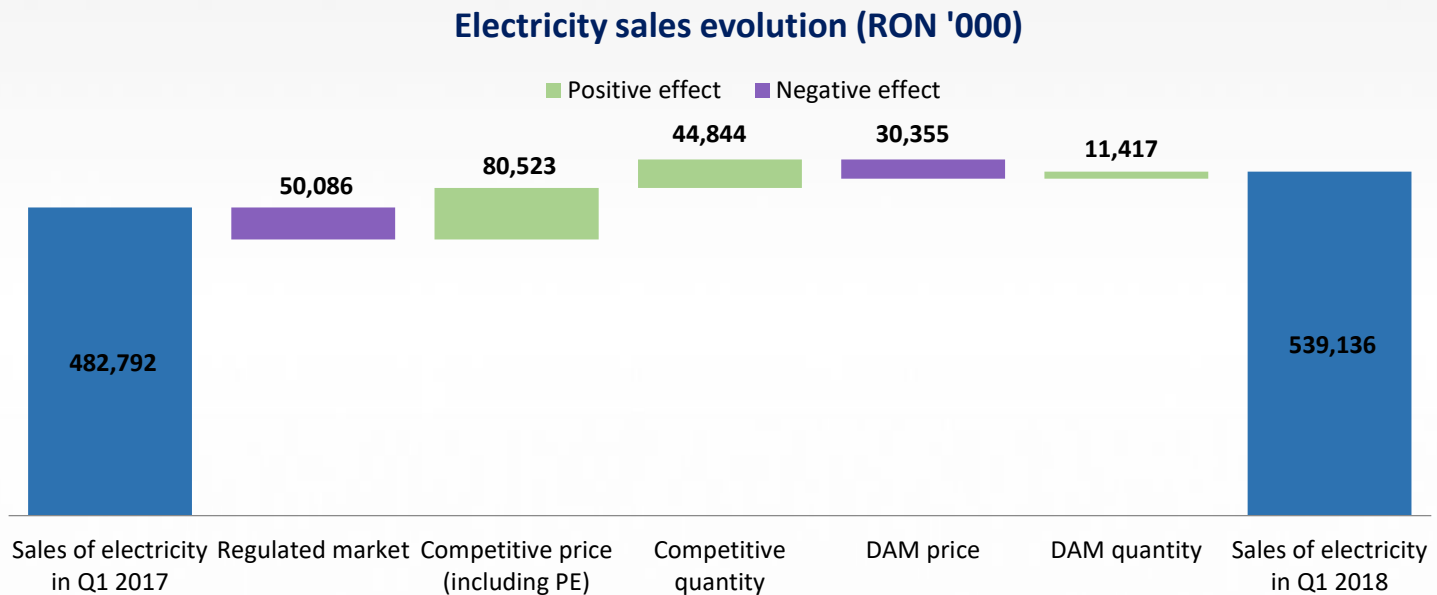
Non – current liabilities

- Decrease of long term borrowings (contracted from Societe Generale and Euratom for the realization and commissioning of Unit 2) by 5% 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 March 31st, 2018 exposure to long term borrowings is in EUR and CAD.
- Provisions for risks and expenses decreased with 5.6%, following a decrease in provision for DICA and a slowly increase in provision for radioactive waste.

Current liabilities

- Accounts payable and other liabilities decreased with 7% from December 31st, 2017 to March 31st, 2018, due to existence at December 31st, 2017 the debt for local taxes in amount of 45.3 mil. RON, paid in Q1 2018.
- Current portion of provisions for risks and expenses increased with 58%, following an increase in provisions for DICA and employees participation to profit for 2017.
- As of December 31st, 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 Q1 2018 increased by 12% compared to Q1 2017



Electricity sales evolution from 3M'17 to 3M'18 was determined by:

- **only 0.9% decrease in quantity of energy sold** in 3M'18 compared to 3M'17
- **change in sales structure** (quantities sold), corroborated with **price evolution**, as follows:
 - no sales on regulated market in 3M'18 compared to 11% in 3M'17, following the completion of Romanian electricity market liberalization;
 - sales on bilateral contracts market (PCCB & PCSU) of 82% in 3M'18 compared to 74% in 3M'17 (increase of 11% from 3M'17 to 3M'18), with 24% increase of price, thus quantities allocated previously on regulated market were sold on competitive market;
 - sales on DAM market (PZU) of 17% in 3M'18 compared to 15% in 3M'17 (increase of 17% from 3M'17 to 3M'18);
 - 32% decrease of price on DAM market;
 - negative impact of balancing market (PE): sales decrease of 28% corroborated with 55% decrease of price.

Sales structure analysis 3M 2018 vs. 3M 2017

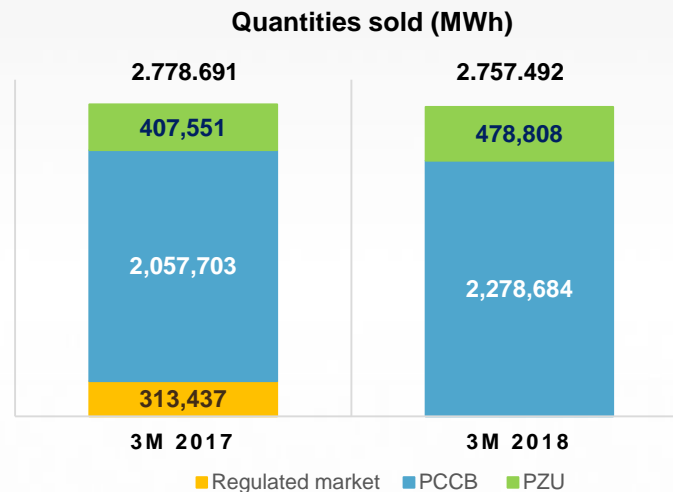
The main influence over the sales structure on quantities sold comes from the liberalization of the electricity market starting with 2018, due to this change the quantities sold on competitive market increase by 11.9% (for 3M'2017 the quantities sold on regulated market represented 11% from the total quantities sold), with an overall decrease in quantity of 0.9% from 3M'17 to 3M'18.

Sales price evolution was determined by an increase of 11.8% in the weighted average selling price on competitive market (including DAM), with an overall increase in price of 12.9% from 3M'17 to 3M'18.

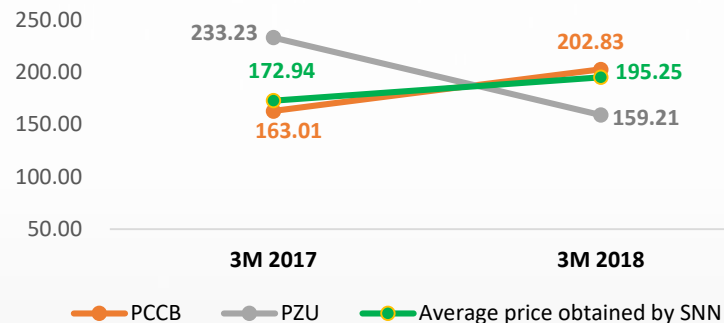
- SNN's sales share on the **bilateral contracts market** (PCCB+PCSU) increased, reaching 82% in 3M'18 compared to 74% in 3M'17, with a significant increase by 24.4% in the average selling price;
- On **DAM (PZU)**, the quantities of electricity sold for this segment increase to 17% in 3M'18, compared to 15% in 3M'17, with a decrease of 31% of the average selling price.
- On **DAM (PZU)** the price obtained by SNN in 3M'18 followed the market trend, as the monthly average prices published by OPCOM for DAM sales in 3M'18 were as follows:

Average for 3M 2017	2018			Average for 3M 2018
	01	02	03	
248.81	155.70	178.15	156.00	163.28

Sales structure 3M 2018 vs 3M 2017



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



Sales structure analysis 3M 2018 vs. 3M 2017 (cont'd)

- In 3M'18, SNN closely reached its target for the PCCB market by providing predictable contracts for longer periods of time, according to the sales strategy and easy exceeded the quantity targeted on DAM (PZU) with 1.3%.

Quantities	3M 2018 actual	3M 2018 budgeted	Variation actual vs budgeted	3M 2017 actual	Variation comparative periods
	1	2	$3=(1-2)/2$	4	$5=(1-4)/4$
Regulated market	-	-	-	313,437	-
PCCB	2,278,684	2,294,295	-0.7%	2,057,703	10.7%
PZU	478,808	472,799	1.3%	407,551	17.5%
Total	2,757,492	2,767,094	-0.3%	2,778,691	-0.8%

Cost structure Q1 2018 compared to Q1 2017

- OPEX higher only by 3.8% compared to 3M 2017 -

Cost structure	Q1 2018	%	Q1 2017	%
Depreciation and amortisation	122.504	34%	120.658	34%
Personnel expenses	86.227	24%	76.944	22%
Cost of uranium fuel	27.472	8%	37.552	10%
ANDR contribution	24.273	7%	23.379	7%
Cost of traded electricity	21.115	6%	8.474	2%
Technological and non-technological water and energy	19.662	5%	19.187	5%
Repairs and maintenance	13.376	4%	12.214	3%
Fuel and other consumables	7.698	2%	7.792	2%
Electricity transmission expenses	2.850	1%	3.707	1%
Costs with spare parts	2.711	1%	3.756	1%
Other operating expenses	29.891	8%	33.705	9%
TOTAL	357.777		347.367	

❑ **Depreciation and amortization:** increase with 1,5% compared to 3M 2017, following the put in function of investments after Q1'17.

❑ **OPEX higher only by 3,8% compared to 3M 2017:**

- **Personnel expenses:** increase by 12,1% compared to 3M 2017, mainly due to: Increase of 24% in wages (w/out employee contributions), following the fiscal changes related to increase in employee contributions, for which the company granted salary increases to compensate these fiscal provision, corroborated with increase in actual no. of employees from 2.037 as at 31 March 2017 to 2.119 as at 31 March 2018. The increase in wages, granted by the company, did not affected the total personnel expense (including employer contributions), as the percentages charged to employers were decreased, thus the overall impact was of only 3% increase, explained by increase in no of personnel and increase in salaries after Q1'17, starting April 2017, not reflected in Q1'17 expense, but reflected in Q1'18 expense. The budgeted level of personnel expenses includes increases approved, for which the company settles accruals. The net impact of accruals and provisions related to personnel expenses is an increase with 7,5 mil RON.

- **Cost of uranium fuel:** decreased by 26.8% due to decrease in the average acquisition cost of sintered uranium dioxide powder used in the production of fuel bundles in 3M'18, which was consumed at an average cost of about 327.19 RON/kg, coming from the existing stock as at 31 December 2017 (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 416.38 RON/kg used for the fuel bundles consumed in 3M'17;

- **ANDR contribution** for decommissioning (0,6 EUR/MWh) and for permanent storage of radioactive waste (1,4 EUR/MWh) increased as a consequence of foreign exchange rate evolution;

- **Cost of traded electricity:** increase of 12.6 mil RON in 3M'18 compared to 3M'17, due to:

- purchases from DAM of 3 mil RON in 3M'18 compared to 1.2 mil RON in 3M'17, to cover contractual obligations during unplanned and programmed outage of U1 and during the period when U2 operated at low power in 3M'18 (63 hours in 2018 vs. 21 hours in 2017 of unplanned outages); The average purchase price of electricity from DAM decreased by 19% in 3M'18 compared with the average purchase price in 3M'17, without compensating the increase in quantity (13.196 MWh in Q1'18 vs. 4.202 MWh Q1'17);

- Increase in expenses with imbalances of 2.8mil RON, from 7.3mil RON in 3M'17 to 10.1 mil RON in 3M'18; these expenses represent the equivalent of energy received from balancing market mainly due to differences in notified quantities vs. delivered quantities, significantly higher in 3M'18 compared to 3M'17, caused by unplanned and programmed outages of U1 and U2 in 2018 (42 hours higher than in the previous quarter).

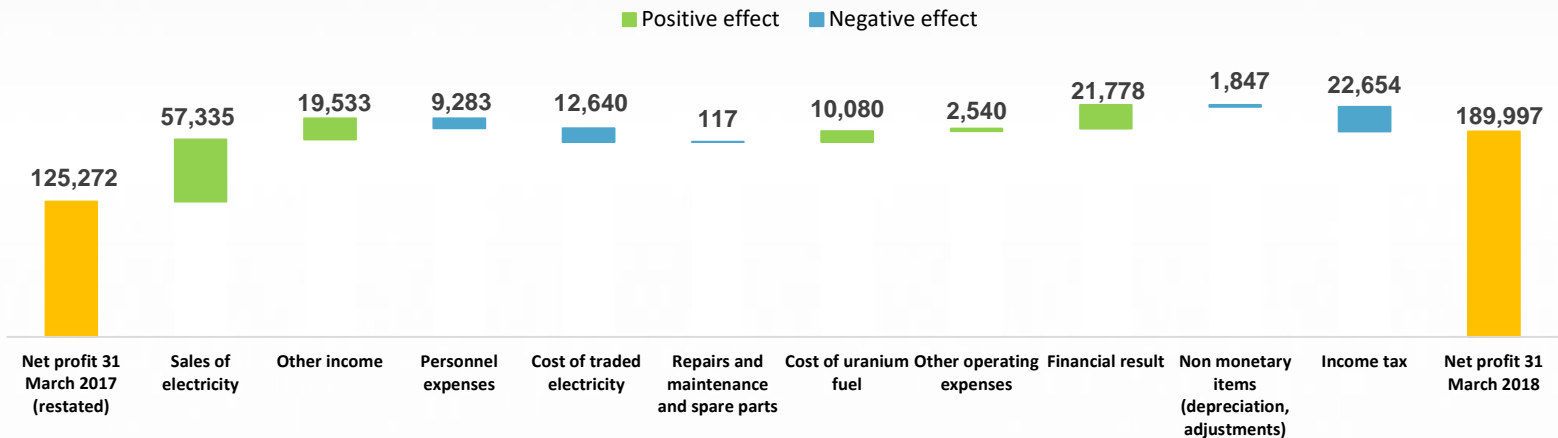
- Recording of an accrual of 8mil RON in 2018 for electricity estimated to be purchased during unplanned outages (300 hours/year, in accordance with manufacturer's recommendations and industry standards, for a CANDU 6 nuclear power plant);

- **Electricity transmission expenses:** decreased by 23% due to the decrease in the level of electricity transmission tariff into the grid. (from 1.34 RON/MWh to 1.05 RON/MWh starting with July 1st 2017;

- **Other operating expenses, including technological and non-technological water, repairs and maintenance, fuel and other consumables, cost with spare parts** recorded an overall decrease of 4%.

Net profit for 3M'18 increased significantly compared to 3M'17 (by 52%)

Net result evolution (RON '000)



- Net result benefited from significant positive evolution of sales of electricity (including sales of thermal energy) and a positive financial results.
- The negative impact comes mainly from increase in income tax, cost of traded electricity and increase in personnel expenses (including the provisions for employees' participation to profit).
- The net profit for 3M'17 was restated with +41.2 mil. RON for correcting accounting errors described previously.

CAPEX

Capital expenditure of SNN in Q1 2018:

- 8.4 mil RON out of total investment program of 244.9 mil RON
- 3.5% completion degree: completed 70% from the target level of 5% for Q1 2018

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 31.03.2018 (%)
96,000	37,358	57,174	54,335	244,867	3.5%

*) Approved by GSM/02.03.2018.

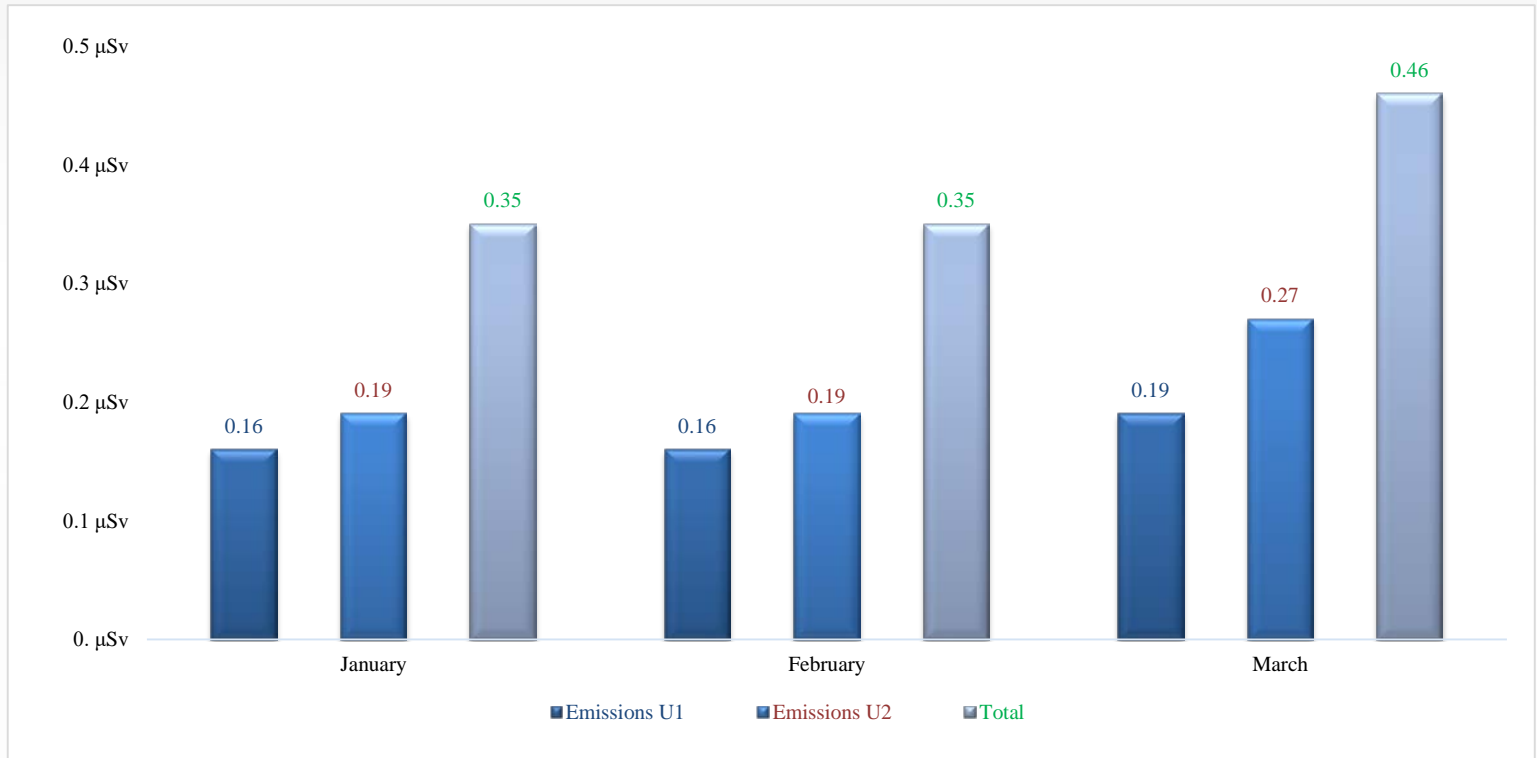
Completion degree is determined by:

- Savings obtained for investments performed in Q1 2018 determining physical completion stage higher than value completion stage;
- Part of investments in progress were commissioned during Q1 2018, 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 investment program for Q1 2018, are postponed for April – December 2018 period.

Q1 2018 Income statement

RON '000	3M ended 31.03.2018 (unaudited)	3M ended 31.03.2017 (unaudited; restated)	Variation (%)	Budget Q1 2018	Variation (%)
	1	2	3=(1-2)/2	4	5=(1-4)/4
Revenues					
Sales of electricity	541,245	483,910	11.8%	555,056	(2.5%)
Electricity transmission revenues	2,850	3,707	(23.1%)	2,857	(0.3%)
Total revenues	544,095	487,617	11.6%	557,913	(2.5%)
Other income	26,913	7,380	264.7%	14,226	89.2%
Operating expenses					
Personnel expenses	(86,227)	(76,944)	12.1%	(95,341)	(9.6%)
Cost of traded electricity	(21,115)	(8,474)	149.2%	(19,676)	7.3%
Repairs and maintenance	(13,376)	(12,214)	9.5%	(13,358)	0.1%
Electricity transmission expenses	(2,850)	(3,707)	(23.1%)	(2,857)	(0.3%)
Costs with spare parts	(2,711)	(3,756)	(27.8%)	(2,556)	6.1%
Cost of uranium fuel	(27,472)	(37,552)	(26.8%)	(31,786)	(13.6%)
Other operating expenses	(81,523)	(84,063)	(3.0%)	(99,278)	(17.9%)
Total operating expenses	(235,273)	(226,710)	3.8%	(264,852)	(11.2%)
EBITDA	335,735	268,287	25.1%	307,287	9.3%
Depreciation and amortisation	(122,504)	(120,658)	1.5%	(123,750)	(1.0%)
EBIT	213,231	147,630	44.4%	183,537	16.2%
Finance costs	(5,329)	(19,133)	(72.1%)	(17,100)	(68.8%)
Finance income	25,268	17,295	46.1%	17,755	42.3%
Income tax charge, net	(43,173)	(20,519)	110.4%	(32,476)	32.9%
Net profit	189,997	125,272	51.7%	151,716	25.2%

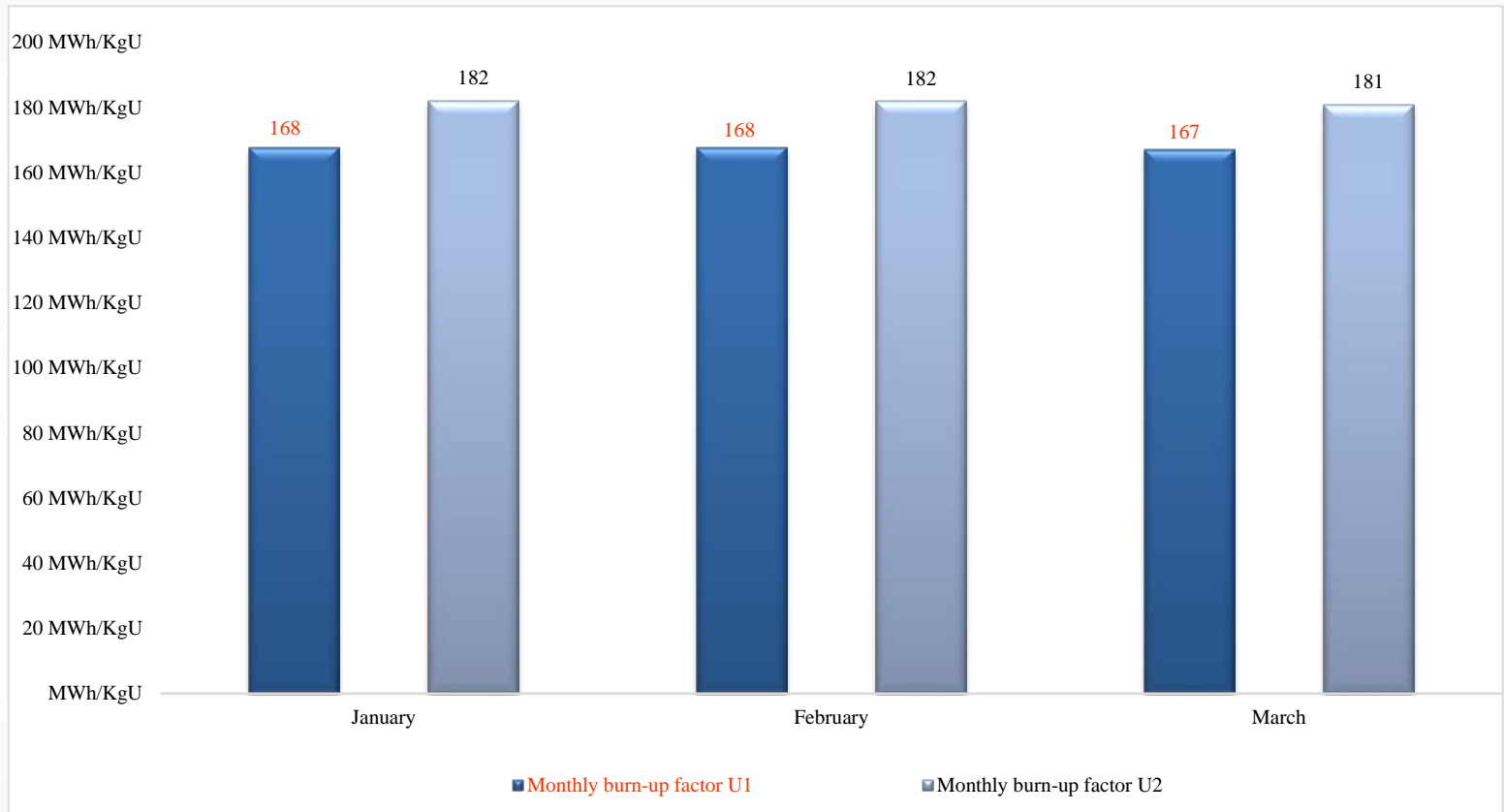
Radioactive emissions U1+U2 (μSv)



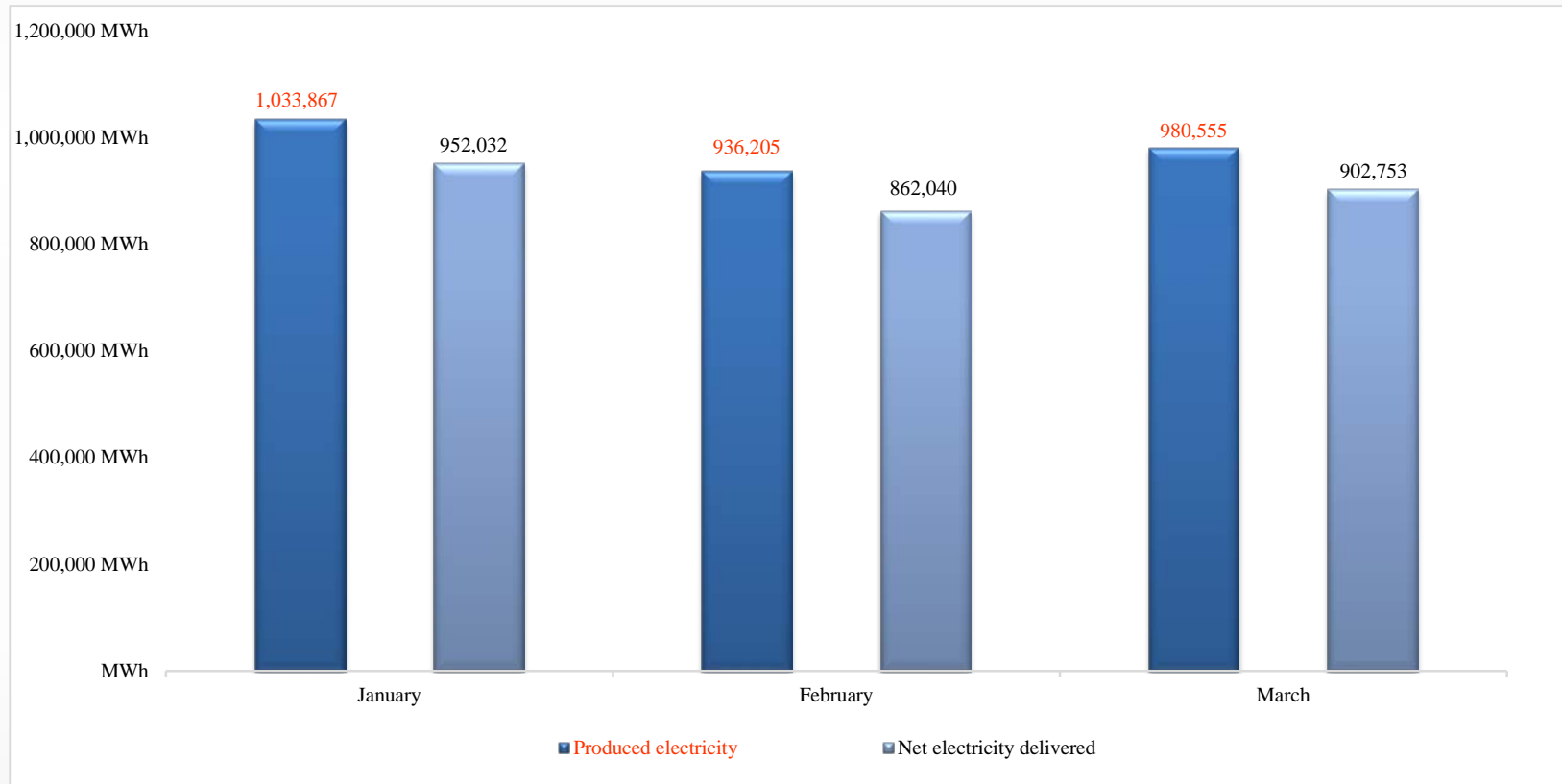
Total 2018:	Annual limit:
1.18	8.5

CNCAN authorized limit = 100 $\mu\text{Sv}/\text{year}/\text{unit}$ + 50 $\mu\text{Sv}/\text{year}$ DICA
Legal limit for population (as per Radioprotection Norm NSR01) = 1,000 $\mu\text{Sv}/\text{year}$

Nuclear fuel burn up factor (MWh/KgU) (Cumulated 2018: 175/Project estimated: min. 156)

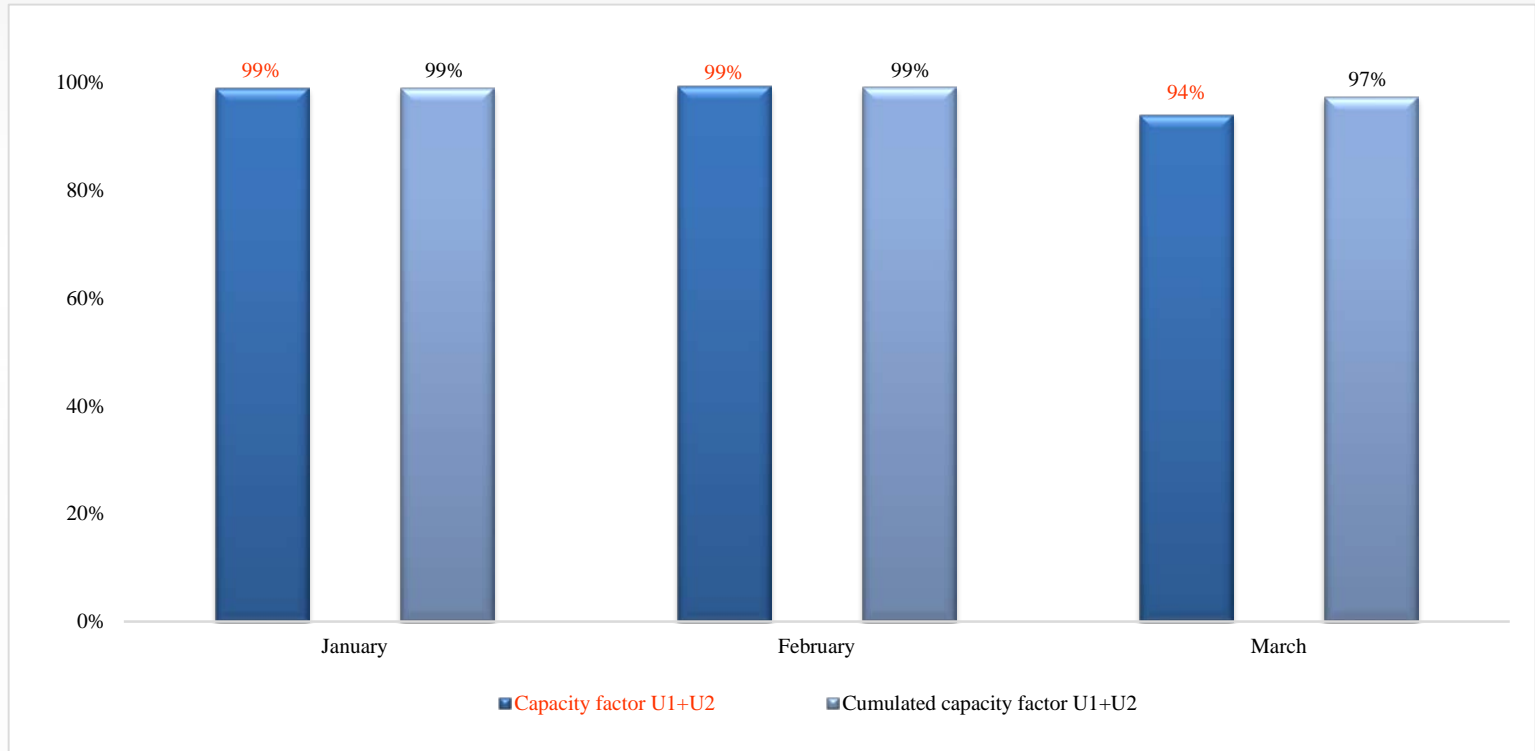


Produced electricity/net U1 + U2 (MWh)
(Produced electricity 2018: 2,950,627 MWh/Net electricity delivered 2018: 2,716,825 MWh*)
(Cumulated internal technological consumption (2018: 7.93%))



*Net electricity delivered comprises net electricity produced and delivered for sale (2018: 2,713,982 MWh) and electricity used by one unit during its outage from the other unit.

CANDU Technology Unit performance U1 + U2 (%) Capacity Factor (Cumulated 2018: 97.4%)



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.
- In the last quarter of 2017, the Technical and Refurbishment Division was set up within SNN headquarters, responsible for the development of the project.
- As per the first stage of the project, logistical and reorganization activities as well as studies and analyses are in progress. The Feasibility study is also part of the first stage and it is due to be completed by the end of this stage, namely 2021, and submitted for the approval of the GMS.

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.
- Negotiation process undergoing as per the 6-month negotiation extension under the same conditions of the MoU, as approved by the GMS in March 2018.

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2018 Financial calendar

Event	Date
Publication of the First Half - Year Report 2017 (January - June) Conference call Financial analysts, investment advisors, brokers and investors.	14 August 2018 (Tuesday) Hour of the conference call: 16:00 Romania's time
Publication of the Third Quarterly Report 2017 (January - September) Conference call Financial analysts, investment advisors, brokers and investors.	14 November 2018 (Wednesday) Hour of the conference call: 16:00 Romania's time



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Thank you!