



HALF-YEAR FINANCIAL REPORT

regarding the economic and financial activity of S.N. Nuclearelectrica S.A. according to the provisions of art. 65 of Law no. 24/2017 on the issuers of financial instruments and market operations and Annex no. 14 to ASF Regulation no. 5/2018 regarding issuers of financial instruments and market operations for the 6-month period that ended on June 30, 2018 (First half-year of financial year 2018)

Half-year report according to:	Art. 65 of Law no. 24/2017 on issuers of financial instruments and market operations and Annex no. 14 to ASF Regulation no. 5/2018 for the 6-month period that ended on June 30, 2018 (First half-year of financial year 2018)
Report date:	August 13, 2018
Issuer's name:	S.N. Nuclearelectrica S.A. ("SNN")
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 the SNN symbol starting with 04.11.2013.
Main features of the securities issued by the issuer:	Condensed Individual Interim Reviewed Financial Statements and Condensed Consolidated Interim Reviewed Financial Statements for the period of 6 months ended on June 30, 2018 drafted according to the Order of the Ministry of Public Finance no. 2844/2016 for approving the Accounting Regulations according to the International Financial Reporting Standards ("IFRS"), based on Accounting Standard 34 - "Interim financial reporting" passed by the European Union.
Applicable accounting standards:	Romanian Leu (RON) - all the presented amounts are in RON, unless indicated otherwise.
Reporting currency:	First half-year of financial year 2018
Reported period:	

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1. ECONOMIC AND FINANCIAL SITUATION

The information and Condensed Individual Interim Reviewed Financial Statements and Condensed Consolidated Interim Reviewed Financial Statements for the period of 6 months ended on June 30, 2018 presented in this report are revised 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 approving 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 submitted indicators are in lei (RON) unless otherwise stated.

1.1. ECONOMIC AND FINANCIAL INDIVIDUAL SITUATION

a) Financial position statement as of June 30, 2018

Indicator [thousand RON]	30 June 2018 (reviewed)	December 31, 2017 (audited, restated)	January 1, 2017 (audited, restated)
Non-current assets	6,802,044	7,004,655	7,346,964
Current assets	2,263,432	2,239,865	1,992,193
Total assets	9,065,476	9,244,520	9,339,157
Equity	7,395,069	7,484,117	7,389,350
Total liability, out of which:	1,670,407	1,760,403	1,949,807
Long term liabilities	1,188,341	1,308,219	1,512,956
Short-term liability	482,066	452,184	436,851
Total Equity and Liability	9,065,476	9,244,520	9,339,157

b) Profit and loss account and global result for the 6-month period that ended on June 30, 2018

Indicator [thousand RON]	6-month period ended on June 30, 2018 (reviewed)	6-month period ended on June 30, 2017 (reviewed, restated)
Operating revenues	1,006,687	892,974
Operating expenses	(791,433)	(723,824)
Operating profit	215,254	169,150
Finance income	46,652	48,874
Financial costs	(31,716)	(37,393)
Net financial revenues	14,936	11,481
Profit before profit tax	230,190	180,631
Profit tax expenses, net	(47,876)	(23,369)
Period profit	182,314	157,262
Other elements of the global result	-	(1,990)
Global result	182,314	155,272
Basic earnings per share (RON/share)	0.60	0.52
Diluted earnings per share (RON/share)	0.60	0.52

c) Cash flow for the 6-month period ended on June 30, 2018

Indicator [thousand RON]	6-month period ended on June 30, 2018 (reviewed)	6-month period ended on June 30, 2017 (reviewed, restated)
Profit before income tax	230,190	180,631
Non-monetary value adjustments and modifications	275,289	256,785
Net cash from operating activities	448,529	407,651
Net cash flow used in investing activities	153,486	(97,198)
Net cash flow from financing activities	(378,781)	(213,898)
Net increase in cash and cash equivalents	223,234	96,555
Cash and cash equivalents at the beginning of the period	573,903	263,714
Cash and cash equivalents at the end of the period	797,137	360,269

1.2. ECONOMIC AND FINANCIAL CONSOLIDATED SITUATION

a) Financial position statement as of June 30, 2018

Indicator [thousand RON]	30 June 2018 (reviewed)	December 31, 2017 (audited, restated)	January 1, 2017 (audited, restated)
Non-current assets	6,802,408	7,004,618	7,346,394
Current assets	2,263,005	2,239,856	1,992,715
Total assets	9,065,413	9,244,474	9,339,109
Equity	7,394,965	7,484,022	7,389,260
Total liability, out of which:	1,670,448	1,760,452	1,949,849
Long term liabilities	1,188,341	1,308,219	1,512,956
Short-term liability	482,107	452,233	436,893
Total Equity and Liability	9,065,413	9,244,474	9,339,109

b) Profit and loss account and global result for the 6-month period that ended on June 30, 2018

Indicator [thousand RON]	6-month period ended on June 30, 2018 (reviewed)	6-month period ended on June 30, 2017 (reviewed, restated)
Operating revenues	1,006,684	892,977
Operating expenses	(791,434)	(723,829)
Operating profit	215,250	169,148
Finance income	46,648	48,873
Financial costs	(31,716)	(37,394)
Net financial revenues	14,932	11,479
Profit before profit tax	230,182	180,627
Profit tax expenses, net	(47,876)	(23,369)
Period profit	182,306	157,258
Other elements of the global result	-	(1,990)
Global result	182,306	155,268
Basic earnings per share (RON/share)	0.60	0.52
Diluted earnings per share (RON/share)	0.60	0.52

c) Cash flow for the 6-month period ended on June 30, 2018

Indicator [thousand RON]	6-month period ended on June 30, 2018 (reviewed)	6-month period ended on June 30, 2017 (reviewed, restated)
Profit before income tax	230,182	180,627
Non-monetary value adjustments and modifications	275,289	256,760
Net cash from operating activities	448,516	407,623
Net cash flow used in investing activities	153,077	(97,446)
Net cash flow from financing activities	(378,781)	(213,898)
Net increase in cash and cash equivalents	222,812	96,279
Cash and cash equivalents at the beginning of the period	574,388	264,200
Cash and cash equivalents at the end of the period	797,200	360,479

2. ANALYSIS OF THE ISSUER'S ACTIVITY

2.1. Factors that can influence the liquidity of the issuer

Among the factors that may affect the company's liquidity in the future, we mention:

- Energy prices on the competitive market sale;
- Price of the main raw materials and the fees related to the services used by the company in the current activity;
- Fluctuations in interest rates and exchange rates;
- The volume of investments to maintain and those to develop;
- The level of taxation, including the introduction of new taxes.

There are many internal and external factors that may influence the company's liquidity, but on short and even medium term, the company has a very good liquidity.

2.2. Capital, current or anticipated expenses

The investment program in the last two years is as follows:

Investments [thousand RON]	2018	2017
Value of the investment program	244,867	231,593
Implemented from the investment program as of June 30	74,582	48,583

The achievement degree of the investment program as of June 30, 2018 is 30.5%, compared to June 30, 2017, when the achievements from the investment program were 21.0%.

2.3. Events, transactions and economic changes that significantly affect the revenues from the basic activity

The income from the main activity is affected by:

- Production of electricity by CNE Cernavoda, closely related to the operational performance of the two nuclear units;
- Evolution of prices on the competitive market and the company's ability to successfully compete in these conditions;
- Evolution of the internal and regional demand and supply of electricity, integration degree of the markets from the region.

2.4. Other significant events from the first half-year of 2018

Other significant events from the first half-year of 2018 that were not already presented in the quarterly report related to the first quarter of 2018 are as follows:

a) Litigation with Fondul Proprietatea S.A.

Fondul Proprietatea S.A. has registered at Bucharest Court of Law the annulment request of the Resolution of the General Extraordinary Meeting of the Shareholders ("EGMS") no. 8/06.10.2014 through which was approved the increase of the share capital of SNN through cash contribution in a maximum total amount to 239.172.630 lei, by issuing a maximum number of 23.917.263 new shares representing input in kind of the Romanian State, following obtaining the certificate for the ownership right on the land undivided share of 239,05 sq m from 33 Bd. Gheorghe Magheru Bucharest and input in cash representing the amount of budgetary allowances for the period 2006-2009 for Unit 2 from Cernavoda.

On February 20, 2018 Fondul Proprietatea S.A. filed an appeal against the sentence issued on the merits and on the appeal judgment date of May 18, 2018, the Bucharest Court of Appeal rejected the appeal filed by Fondul Proprietatea S.A. as ungrounded, the court decision being final.

By final decision, Bucharest Court of Appeal rejected the appeal filed by Fondul Proprietatea S.A., thus maintaining as grounded and lawful the sentence of Bucharest Court by which the lawfulness of the Resolution of the Extraordinary General Meeting of Shareholders no. 8/06.10.2014 was stated. Thus, SNN won the litigation initiated by the shareholder Fondul Proprietatea S.A.

b) Approving the distribution of the net profit of financial year 2017

By Resolution no. 5/25.04.2018 of the Ordinary General Assembly of Shareholders of SNN the distribution of the net profit of financial year 2017 by destinations was approved, the total value of gross dividends in value of 271,362,466 lei, the value of the gross dividend per share in value of 0.9 lei, the dividend payment date, namely the date of June 28, 2018 and the payment methods, according to the report submitted to the shareholders for this topic on the agenda (section 5 of the AGOA agenda of April 25, 2018).

c) Approving the strategy of diversifying the supply sources

By Resolution no. 5/25.04.2018 of the Ordinary General Assembly of Shareholders of SNN strategy of diversifying the sources of supply with the raw materials necessary for generating nuclear fuel was approved.

d) Launch of the mobile phone application “SNN Access”

By the Current Report published on June 7, 2018, S.N. Nuclearelectrica S.A. announces the launch of the mobile phone application, “SNN Access”, destined to the relation with the investors. S.N. Nuclearelectrica S.A. is the first company listed on the Bucharest Stock Exchange (apart from it), which launched such application. The “SNN Access” application may be downloaded from the Android and Apple stores or from the website of S.N. Nuclearelectrica S.A. (www.nuclearelectrica.ro).

e) Changes in the management of the Company

By Resolution no. 63/25.04.2018, the Board of Directors of SNN appointed Mr. Cosmin Ghita as the General Manager of SNN, for 4 months, starting with May 4, 2018, namely a temporary mandate.

By Resolution no. 63/25.04.2018, the Board of Directors of SNN appointed Dan Laurentiu Tudor and Toni Viorel Lary as Deputy General Managers of SNN, for 4 months, starting with January 4, 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. 63/25.04.2018, the Board of Directors of SNN appointed Mr. Adrian Gabriel Dumitriu as the Financial Manager of SNN, for 4 months, starting with January 4, 2018, namely a temporary mandate.

By Resolution no. 6/28.06.2018 of the Ordinary General Meeting of Shareholders of SNN the following were approved:

- extension of the mandate term of the interim members of the Board of Directors of SNN, which ends on June 29, 2018, for 4 months, starting from June 30, 2018;
- the profile of the Board of Directors and the profile of the candidates for the positions of directors of SNN.

On June 30, 2018 the members of the Board of Directors of SNN are as follows:

Item no.	Name and surname	Date of mandate expiration
1.	Iulian – Robert Tudorache ^{*)}	30.10.2018
2.	Cristian Gentea	30.10.2018
3.	Dragos Ionut Banescu	30.10.2018
4.	Mirel – Alexandru Marcu	30.10.2018
5.	Elena Popescu	30.10.2018
6.	Cristian Dima	30.10.2018
7.	Mihai Daniel Anitei	30.10.2018

^{*)} *Chairman of the Board of Directors SNN.*

f) The Project for the Units 3 and 4 Cernavoda NPP

By Resolution no. 7/June 28, 2018 of the Extraordinary General Assembly of Shareholders of SNN, the procurement of legal and financial assistance/consultancy services in relation to Project Units 3 and 4 CNE Cernavoda was approved.

g) Planned stoppage of Unit 1 CNE Cernavoda

Starting from May 2, 2018 at 11:00 o'clock, Unit 1 CNE Cernavoda entered the planned outage program and the synchronization with the National Energy System was made on June 4, 2018 at 05:02 o'clock.

During the period of planned outage made once every two years, more than 10,500 activities of the following programs were carried out:

- Preventive and corrective maintenance program;
- Inspection program;
- The mandatory testing program during the period of planned outages, according to the requirements of the National Committee for Nuclear Activities Control which can be made only with the plant stopped;
- Program for implementation of the project modifications by certain systems/equipment/components.

All the objectives of the planned outage were achieved under safety conditions for the staff of the plant, for the public and the environment, according to the procedures approved used by CNE Cernavoda Branch.

h) Signature of the Agreement between SNN - Polytechnic University of Bucharest

On May 31, 2018 an agreement was signed with the Polytechnic University of Bucharest for granting 25 scholarships; each scholarship amounts to 2,000 RON/months for the university years 2018 – 2019 and 2019 – 2020.

The selection of the faculties within the Polytechnic University of Bucharest was made based on the needs of CNE Cernavoda Branch for recruitment retention and training of specialists both for the current operation and production activities and for the major investment projects (Project for Refurbishing Unit 1 CNE Cernavoda; the Project Units 3 and 4 CNE Cernavoda).

Details about the way of granting these scholarships are published on the website of S.N. Nuclearelectrica S.A. (www.nuclearelectrica.ro).

3. CHANGES WITH IMPACT ON THE CAPITAL AND MANAGEMENT OF THE ISSUER

3.1. Situations where the issuer could not comply with its financial obligations in the first half-year of 2018

Not applicable.

3.2. Modifications regarding the rights of the holders of securities issued by the issuer

Not applicable.

3.3. Other amendments

Not applicable.

4. SIGNIFICANT TRANSACTIONS

Information regarding the significant transactions concluded with the affiliated parties during the first half-year of 2018 are presented in Annex 8.2. The financial auditor issued a report on these legal acts, published on July 26, 2018 both on the website of the Bucharest Stock Exchange (www.bvb.ro), and on the website of S.N. Nuclearelectrica S.A. (www.nuclearelectrica.ro), “Relations with investors” section.

5. EVENTS AFTER JUNE 30, 2018

5.1. Changes in the management of the CNE Cernavoda Branch

By the Current Report published on July 4, 2018, S.N. Nuclearelectrica S.A. informs the shareholders and investors that starting with August 1, 2018 the contractual relations with Mr. Marian Serban, Deputy General Manager with Manager attributions at CNE Cernavoda Branch, will cease by the agreement of the parties.

According to the procedures applicable within S.N. Nuclearelectrica S.A., the position of Manager of CNE Cernavoda Branch will be temporarily occupied by an interim manager until the completion of the internal contest for occupying this position.

5.2. Implementing the Business Ethics and Conduct Code

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

The Business Ethics and Conduct Code 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), “Relations with investors/Corporate governance/Regulations” section.

6. MAIN RISKS AND UNCERTAINTIES FOR THE FOLLOWING 6 MONTHS OF THE FINANCIAL YEAR 2018

There are no risks and uncertainties for the next 6 months of the financial year 2018, other than those related to the core business identified and presented in this report. The company estimates that it will achieve at least the budgeted profit for the current year, without exceeding the total operating expenses planned through the budget of revenues and expenditures approved by the decision of the AGM no. 3 / 02.03.2018.

7. STATEMENTS AND SIGNATURES

Based on the best available information, we confirm that the Condensed Individual Interim Reviewed Financial Statements and Condensed Consolidated Interim Reviewed Financial Statements for the period of 6 months ended on June 30, 2018 drafted according to the Order of the Minister of Public Finance no. 2844/2016 for approving the Accounting Regulations according to the International Financial Reporting Standard (“IFRS”), based on the Accounting International Stand 34 – “Interim financial reporting” passed by the European Union, provides an accurate and real image regarding the financial position, the financial performance and the cash flows for the 6-month period that ended on June 30, 2018 and that this report, drafted according to the provisions of art. 65 of Law no. 24/2017 on the issuers of financial instruments and market operations and Annex no. 14 to ASF Regulation no. 5/2018 regarding issuers of financial instruments and market operations for the 6-month period that ended on June 30, 2018, comprises accurate and real information according to the development and performance of the company and the group.

Iulian Robert Tudorache,
Chairman of the Board of Directors

Cosmin Ghita,
Chief Executive Officer

Dan Laurentiu Tudor,
Deputy General Manager

Toni Viorel Lary,
Deputy General Manager

Adrian Gabriel Dumitriu,
Chief Financial Officer

8. APPENDIXES

8.1 Economic and financial INDICATORS

Indicator name	Calculation method	M.U.	Value 30.06.2018 ^{*)}
1. The current liquidity ration	Current assets/Current debts	x	4.7
2. Indebtedness degree ratio			
2.1. Indebtedness degree indicator (1)	Borrowed capital/Equity x 100	%	13.4%
2.1. Indebtedness degree indicator (2)	Borrowed capital/ Engaged capital x 100	%	11.8%
3. Debt turnover rate - customers	Average customer balance/ Turnover x 180	days	21
4. Turnover speed of non-current assets^{**)}	Turnover/ Non-current assets	x	0.29

^{*)} Based on Condensed Individual Interim Reviewed Financial Statements on the date and for the 6 month period ended on June 30, 2018.

^{**)} The turnover speed of fixed assets is calculated by updating the half-yearly turnover (360 days/180 days).

8.2 LEGAL ACTS reported in the first half-year of 2018 according to art. 82 of Law no. 24/2017 regarding the issuers of financial instruments and market operations

The transactions with affiliated parties related to the first half-year of 2018 were reported in the Current Report of January 18, 2018 (term deposit – no extension), January 23, 2018 (term deposit – no extension), January 30, 2018 (service contract), February 19, 2018 (term deposit – no extension), February 26, 2018 (term deposit – no extension), March 15, 2018 (addendum to the framework agreement), April 12, 2018 (contract), April 20, 2018 (contract), April 23, 2018 (contract), May 29, 2018 (contract), June 7, 2018 (service framework agreement and term deposit – no extension), June 8, 2018 (service contract), June 18, 2018 (addendum to the contract), June 21, 2018 (addendum to the framework agreement) and July 3, 2018 (addendum to the framework agreement).

8.3 Major litigations in progress on June 30, 2018 (over 500 thousand RON), including the non-monetary evaluated ones

The list of major litigations in progress as of June 30, 2018 is found in Annex 4 – “Major litigations in progress as of June 30, 2018 (over 500 thousand RON), including those that did not undergo monetary evaluation” included in the Half-year report of the Board of Directors of S.N. Nuclearelectrica S.A. on the management activity for period January 1 – June 30 2018, published on the website of S.N. Nuclearelectrica S.A. (www.nuclearelectrica.ro), “Relations with investors” section.

8.4 CONDENSED INDIVIDUAL INTERIM REVIEWED FINANCIAL STATEMENTS for the 6-month period ended on June 30, 2018

Condensed Individual Interim Reviewed Financial Statements for the period of 6 months that ended on June 30, 2018 drafted according to the Order of the Ministry of Public Finance no. 2844/2016 for approving the Accounting Regulations according to the International Financial Reporting Standards (“IFRS”), based on Accounting Standard 34 - “Interim financial reporting” passed by the European Union, are published on the internet page of S.N. Nuclearelectrica S.A. (www.nuclearelectrica.ro), Relations with investments section.

8.5 CONDENSED CONSOLIDATED INTERIM REVIEWED FINANCIAL STATEMENTS for the 6-month period ended on June 30, 2018

Condensed Consolidated Interim Reviewed Financial Statements for the period of 6 months that ended on June 30, 2018 drafted according to the Order of the Ministry of Public Finance no. 2844/2016 for approving the Accounting Regulations according to the International Financial Reporting Standards (“IFRS”), based on Accounting Standard 34 - “Interim financial reporting” passed by the European Union, are published on the internet page of S.N. Nuclearelectrica S.A. (www.nuclearelectrica.ro), Relations with investments section.

8.6 HALF-YEAR REPORT of the Board of Directors on the administration activity for January 1 - June 30, 2018

Half-year report of the Board of Directors on the administration activity for January 1 - June 30, 2018 drafted according to the provisions of art. 55 of the Government Emergency Ordinance no. 109/2011 regarding corporate governance of the public enterprises, as further amended and supplemented (“GEO no. 109/2011”) and with the provisions of art. 65 of Law no. 24/2017 on the issuers of financial instruments and market operations, is published on the webpage of S.N. Nuclearelectrica S.A. (www.nuclearelectrica.ro), Relations with investors section.