



NUCLEARELECTRICA



**Report date: 25.02.2018**

Name of the issuing entity: **Societatea Nationala NUCLEARELECTRICA S.A.**

Registered office: **65, Polona street, District 1, Bucharest**

Phone/fax number: **021-203.82.00 / 021 – 316.94.00**

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

Order number: **J40/7403/1998**

Subscribed and paid 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 in compliance with the financial calendar announced by Societatea Nationala Nuclearelectrica SA**

**Important event to be reported :**

**The Preliminary Unaudited Individual Financial Statements as at and for the financial year ended at 31 December 2018**

Societatea Nationala Nuclearelectrica S.A. (“SNN”) informs the public and investors on the availability of the Preliminary Unaudited Individual Financial Statements as at and for the financial year ended at 31 December 2018, starting with **February 25<sup>th</sup>, 2019**, as follows:

- At S.N. Nuclearelectrica S.A. Headquarters, 65 Polona Street, District 1, Bucharest;
- Electronically on the company’s website, in the “Investor Relations – 2018 Financial Results” section ([www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)).

**Main results**

<b>Indicator (thousand lei)*</b>	<b>2018 (unaudited)</b>	<b>2017 (audited, restated)</b>	<b>Var %</b>
Operating revenues, out of which:	2.178.762	1.932.901	12,7%
<i>Sales of electricity</i>	2.116.991	1.884.741	12,3%
Operating expenses	(1.089.434)	(1.009.107)	8,0%
<b>EBITDA</b>	<b>1.089.328</b>	<b>923.794</b>	<b>17,9%</b>
Depreciation and amortization	(554.112)	(545.800)	1,5%
<b>EBIT</b>	<b>535.216</b>	<b>377.994</b>	<b>41,6%</b>
Net finance cost	36.187	(18.449)	n/a
Income tax expense	(180.857)	(53.002)	241,2%
<b>Net profit</b>	<b>390.546</b>	<b>306.543</b>	<b>27,4%</b>

*\*) extract from the preliminary unaudited individual financial statements as at and for the financial year ended at 31 December 2018*

Additional information may be obtained at : [investor.relations@nuclearelectrica.ro](mailto:investor.relations@nuclearelectrica.ro)

**Cosmin Ghita**  
**CEO**



## **S.N. Nuclearelectrica S.A.**

### **Unaudited Preliminary Individual Financial Statements as at and for the year ended on December 31<sup>st</sup>, 2018**

Prepared in compliance with  
the Public Finance Minister's Order no. 2844/2016 on the approval  
of the accounting regulations compliant with the  
International Financial Reporting Standards enacted by the  
European Union (IFRS-EU)

**S.N. Nuclearelectrica S.A.**Preliminary Individual Statement for Financial Position as at December 31<sup>st</sup>, 2018*(All amounts are presented in RON, unless otherwise indicated)*

	<b>Note</b>	<b>December 31<sup>st</sup>, 2018 (unaudited)</b>	<b>December 31<sup>st</sup>, 2017 (audited, restated)</b>	<b>January 1<sup>st</sup>, 2017 (audited, restated)</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	<b>4</b>	6,309,192,516	6,724,074,076	7,102,223,970
Intangible assets		53,764,515	62,535,958	80,636,405
Financial assets	<b>7</b>	110,451,459	76,355,852	22,414,346
Financial investments	<b>5</b>	141,689,201	141,689,201	141,689,201
<b>Total non-current assets</b>		<b>6,615,097,691</b>	<b>7,004,655,087</b>	<b>7,346,963,922</b>
<b>Current assets</b>				
Inventories	<b>6</b>	368,749,773	332,348,618	331,057,122
Trade receivables and other receivables		174,953,003	150,443,354	162,063,302
Prepayments		10,201,321	10,895,537	12,699,411
Bank deposits	<b>7</b>	20,954,979	32,827,456	26,709,812
Cash and cash equivalents	<b>7</b>	1,611,175,718	1,713,349,815	1,459,663,497
<b>Total current assets</b>		<b>2,186,034,794</b>	<b>2,239,864,780</b>	<b>1,992,193,144</b>
<b>Total assets</b>		<b>8,801,132,485</b>	<b>9,244,519,867</b>	<b>9,339,157,066</b>
<b>Equity and liabilities</b>				
<b>Equities</b>				
Share capital, out of which:	<b>8</b>	3,210,641,253	3,210,641,253	3,210,641,253
<i>Subscribed and paid in share capital</i>	<b>8</b>	<i>3,015,138,510</i>	<i>3,015,138,510</i>	<i>3,015,138,510</i>
<i>Inflation adjustments to the share capital</i>	<b>8</b>	<i>195,502,743</i>	<i>195,502,743</i>	<i>195,502,743</i>
Share premiums	<b>8</b>	31,474,149	31,474,149	31,474,149
Reserve paid in advance	<b>8</b>	21,553,537	21,553,537	21,553,537
Revaluation reserve	<b>8</b>	210,811,364	236,534,798	263,354,767
Retained earnings	<b>8</b>	<b>3,637,988,712</b>	3,983,913,022	3,862,326,708
<b>Total own equity</b>		<b>7,112,469,015</b>	<b>7,484,116,759</b>	<b>7,389,350,414</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Long term borrowings		683,967,469	894,848,799	1,087,961,815
Provisions for risks and expenses	<b>9</b>	175,458,782	137,036,268	118,032,110
Deferred revenues		114,757,293	129,101,954	143,446,616
Deferred tax liability		95,021,611	113,903,761	131,608,365
Obligations regarding employee benefits		38,617,348	33,328,029	31,907,053
<b>Total non-current liabilities</b>		<b>1,107,822,503</b>	<b>1,308,218,811</b>	<b>1,512,955,959</b>
<b>Current liabilities</b>				
Trade payables and other liabilities		196,152,057	180,632,919	178,645,222
The current share of provisions for risks and expenses	<b>9</b>	33,831,052	31,838,166	24,662,564
Current tax liability		116,550,765	21,726,375	6,431,972
Deferred revenues		30,913,233	12,331,535	6,181,408
Current portion of long-term borrowings		203,393,860	205,655,302	220,929,527
<b>Total current liabilities</b>		<b>580,840,967</b>	<b>452,184,297</b>	<b>436,850,693</b>
<b>Total liabilities</b>		<b>1,688,663,470</b>	<b>1,760,403,108</b>	<b>1,949,806,652</b>
<b>Total equities and liabilities</b>		<b>8,801,132,485</b>	<b>9,244,519,867</b>	<b>9,339,157,066</b>

*This is a free translation from the Romanian version. In case of any difference between the Romanian and English version, the Romanian version prevails.*

**S.N. Nuclearelectrica S.A.**Preliminary Individual Statement on Financial Performance for the year ended on December 31<sup>st</sup>, 2018*(All amounts are presented in RON, unless otherwise indicated)*

	<b>Note</b>	<b>2018</b> <b>(unaudited)</b>	<b>2017</b> <b>(audited, restated)</b>
<b>Revenues</b>			
Sales of electricity	<b>10</b>	2,116,990,603	1,884,740,511
Electricity transport revenues		11,676,332	12,557,690
<b>Total revenues</b>		<b>2,128,666,935</b>	<b>1,897,298,201</b>
Other income		50,095,061	35,602,416
<b>Operating expenses</b>			
Depreciation and amortization	<b>4</b>	(554,111,507)	(545,800,132)
Personnel expenses		(388,776,157)	(324,765,608)
Cost of traded electricity		(57,318,826)	(55,567,883)
Repairs and maintenance		(81,354,027)	(72,606,643)
Electricity transmission expenses		(11,676,332)	(12,557,690)
Cost of spare parts		(15,768,114)	(18,113,517)
Cost of nuclear fuel		(101,991,877)	(122,183,695)
Other operating expenses	<b>11</b>	(432,549,582)	(403,311,594)
<b>Total operating expenses</b>		<b>(1,643,546,422)</b>	<b>(1,554,906,762)</b>
<b>Operating profit</b>		<b>535,215,574</b>	<b>377,993,855</b>
Financial expenses		(58,855,609)	(94,102,348)
Financial income		95,042,845	75,653,531
<b>Net financial result</b>	<b>12</b>	<b>36,187,236</b>	<b>(18,448,817)</b>
<b>Profit before income tax</b>		<b>571,402,810</b>	<b>359,545,038</b>
Net income tax expense		(180,857,023)	(53,002,126)
<b>Net profit</b>		<b>390,545,787</b>	<b>306,542,912</b>

The Unaudited Preliminary Individual Financial Statements presented on page 1 to 13 have been signed on February 22<sup>nd</sup>, 2019 by:

**Cosmin Ghita**  
Chief Executive Officer

**Adrian Gabriel Dumitriu**  
Chief Financial Officer

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**S.N. Nuclearelectrica S.A.**Preliminary Individual Financial Statement of Comprehensive Income for the year ended on December 31<sup>st</sup>, 2018*(All amounts are presented in RON, unless otherwise indicated)*

Note	2018 (unaudited)	2017 (audited, restated)
<b>Net profit</b>	<b>390,545,787</b>	<b>306,542,912</b>
<b>Other elements of the global result</b>		
Actuarial gains (loss) on defined benefits plan	(5,393,764)	703,726
<b>Other elements of the global result</b>	<b>(5,393,764)</b>	<b>703,726</b>
<b>Total comprehensive income for the period</b>	<b>385,152,023</b>	<b>307,246,638</b>
<b>Earnings per share</b>		
Basic earnings per share (RON/share)	<b>1.30</b>	<b>1.02</b>
Diluted earnings per share (RON/share)	<b>1.30</b>	<b>1.02</b>

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## **S.N. Nuclearelectrica S.A.**

Explanatory Notes to the Unaudited Preliminary Individual Financial Statements prepared for the year ended on December 31<sup>st</sup>, 2018

*(All amounts are presented in RON, unless otherwise indicated)*

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### **1. REPORTING ENTITY**

Societatea Nationala Nuclearelectrica S.A. (the “Company” or “SNN”) is a national joint-stock company, one-tier management system, having a head office and two branches without legal personality, CNE Cernavoda branch (Nuclear Power Plant) – with registered office in Constanta County, Cernavoda City, 2 Medgidiei Street, registered with the Trade Register under number J13/3442/2007, and FCN Pitesti branch (Nuclear Fuel Plant) - with registered office in Arges County, Mioveni City, 1 Campului Street, registered with the Trade Register under number J03/457/1998, respectively. The address of the registered office is Bucharest Municipality, District 1, 65 Polona Street.

The company's main activity is the "Production of electricity" - NACE code 3511 and it is registered in the Trade Register under number J40/7403/1998, fiscal code 10874881, fiscal attribute RO.

The Company's main activity consists in electricity and thermal energy production by nuclear processes. The main place of business is within the Branch CNE Cernavoda, where the Company owns and operates two operational nuclear reactors (Unit 1 and Unit 2). The two nuclear operational reactors are based on CANDU technology (Canada Deuterium Uranium type PHWR). CANDU nuclear bundles are produced by the Company at FCN Pitesti branch.

Since 4 November 2013, the shares of the Company have been traded on Bucharest Stock Exchange, under the issuing symbol SNN.

### **2. BASIS OF PREPARATION**

#### **a) Statement of compliance**

The Preliminary Unaudited Individual Financial Statements have been prepared based on the Public Finance Minister's Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards (“IFRS”), as further amended (“OMPF 2844/2016”). As per the OMPF 2844/2016, the International Financial Reporting Standards represent the standards adopted in accordance with the procedure established by the European Commission Regulation no. 1606/2002 of the European Parliament and of the Council dated on 19 July 2002 regarding the application of the international accounting standards.

**These Unaudited Preliminary Individual Financial Statements have been drawn-up prior to the completion of all internal review and analysis procedures, as well as prior to the completion of the independent audit and, as such, may be subjected to changes; at the same time, these statements do not include the information required for a complete set of financial statements, as defined by IFRS.**

**The Financial Statements shown here include only a Preliminary Individual Statement of Financial Position, a Preliminary Individual Statement of Financial Performance, a Preliminary Individual Statement of Comprehensive Income and Explanatory Notes to the Unaudited Preliminary Individual Financial Statements drawn up for the financial year ended on December 31<sup>st</sup>, 2018.**

The Unaudited Preliminary Individual Financial Statements as at and for the financial year ended on December 31<sup>st</sup>, 2018 have not been audited nor reviewed by an independent auditor.

These Unaudited Preliminary Individual Financial Statements have been authorized for issue and signed on February 22nd, 2019 by the Company's management.

*Notes on pages 1-13 are an integral part of these Unaudited Preliminary Individual Financial Statements.  
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**S.N. Nuclearelectrica S.A.**

Explanatory Notes to the Unaudited Preliminary Individual Financial Statements prepared for the year ended on December 31<sup>st</sup>, 2018

*(All amounts are presented in RON, unless otherwise indicated)*

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**b) Use of estimates and professional judgments**

Preparing these Unaudited Preliminary Individual Financial Statements means that the managers use reasoning, estimates and hypotheses that affect the application of accounting policies, and the acknowledged value of the assets, debts, revenues and expenses. Actual results may differ from the estimated values.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are acknowledged in the period in which the estimates are revised and in any future periods affected.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these Unaudited Preliminary Individual Financial Statements are the same as those applied in the Individual Financial Statements on the date and for the financial year that ended on December 31<sup>st</sup>, 2017.

**Effect of corrections***IAS 16 "Property, Plant and Equipment"*

The Cernavoda nuclear power plant is a complex industrial establishment, including technological systems developed at the highest technical and quality assurance requirements, so as to minimize the potential risks of any failure with impact on nuclear security, safety and operational reliability.

Within Units 1 and 2 there are over 350 technological systems ensuring the operation of the Plant under conditions of safety and economic efficiency according to the policies and principles defined in the operating permit.

Maintaining the safety and operational reliability of CNE Cernavoda's technological systems is an obligation regulated under the operating permit issued by the Regulatory Authority CNCAN. In order to achieve this goal, CNE Cernavoda has developed and implemented a series of programs for the maintenance of the safety and reliability of the equipment, programs involving the performance of a significant number of activities carried out during the planned outages. The implementation of these programs may be done by providing the technologies, spare parts and the personnel prepared for their execution.

In order to ensure the continued operation of the Nuclear Units, it is necessary to that the main components are subject to inspections in order to detect malfunctions and obtain Reports on the diagnosis of the operating state. Each of the 2 Units, in turn, once every two years, goes into a planned outage, period during which the general periodic inspections and major repairs are being carried out. Thus, the general periodic inspections and major repairs were carried out at Unit 2 in 2017, and at Unit 1 in 2016, followed by the May-June 2018 period.

On June 30<sup>th</sup>, 2018, the Company reconsidered the nature of these inspections and their recognition. Thus, in order to apply the provisions of the International Accounting Standard IAS 16 "Property, Plant and Equipment", the general periodic inspections carried out at CNE Cernavoda are capitalized under the category of tangible assets, being subsequently amortized on a linear basis, over a 2-year period. General periodic inspections mostly target the same components of the Units, so the amortization period considered is the 2-year period between two general periodic inspections carried out mostly on the same components, thus substituting each other.

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**S.N. Nuclearelectrica S.A.**

Explanatory Notes to the Unaudited Preliminary Individual Financial Statements prepared for the year ended on December 31<sup>st</sup>, 2018

*(All amounts are presented in RON, unless otherwise indicated)*

The effect of correcting accounting errors on comparative amounts in the comparative financial statements prepared on and for the 12 month period ended on December 31<sup>st</sup>, 2017 are summarized in the following tables:

The effect of corrections on the comparative financial statements related to 2017

	<b>31.12.2017 (audited)</b>	<b>IAS 16</b>	<b>31.12.2017 (audited, restated)</b>
<b>Items of the financial position</b>			
Property, Plant and Equipment	6,668,102,545	55,971,531	6,724,074,076
<b>Total assets</b>	<b>9,188,548,336</b>	<b>55,971,531</b>	<b>9,244,519,867</b>
Retained earnings	3,927,941,491	55,971,531	3,983,913,022
<b>Total own equity</b>	<b>7,428,145,228</b>	<b>55,971,531</b>	<b>7,484,116,759</b>

	<b>31.12.2017 (audited)</b>	<b>IAS 16</b>	<b>31.12.2017 (audited, restated)</b>
<b>Items of profit and loss account</b>			
Repairs and maintenance	123,888,331	(51,281,688)	72,606,643
Depreciation and amortization	497,185,088	48,615,044	545,800,132
<b>Net profit</b>	<b>303,876,268</b>	<b>(2,666,644)</b>	<b>306,542,912</b>

**The enactment of new International Financial Reporting Standards (“IFRS”)**

The standards, representations and amendments newly issued by the International Accounting Standard Board (“IASB”), which become effective after January 1<sup>st</sup>, 2018, have no significant impact on the financial statements drawn up for the financial year ended on December 31<sup>st</sup>, 2018.

The implementation of new standards, representations and amendments which will become effective on or after January 1<sup>st</sup>, 2019, will have no significant impact on the financial statements issued following January 1<sup>st</sup>, 2019.

**4. Property, Plant and Equipment**

In accordance with the accounting policies in force applied by the Company, the land, buildings and constructions are stated at fair value. On the publication date of these Financial Statements drawn up on December 31<sup>st</sup>, 2018, the reevaluation process of buildings and structures is underway and, as such, the reevaluation impact is not underlined. The last reevaluation was carried out on 31<sup>st</sup> December 2015 by an independent assessor, East Bridge SRL, member of the National Association of Certified Assessors in Romania (ANEVAR).

**5. FINANCIAL INVESTMENTS**

*Financial investments - Business continuity for Energonuclear S.A. and the Project of Units 3 and 4*

Financial investments are mainly represented by the investment in Energonuclear S.A. (“Energonuclear”), company with its headquarters in Bucharest, 2<sup>nd</sup> District, 5 – 7 Vasile Lascar Street, 3<sup>rd</sup> floor and registered with the Trade Register under number J40/3999/March 25<sup>th</sup>, 2009, having the sole registration code 25344972, fiscal attribute RO. The main business of Energonuclear consists in “Engineering activities and technical consultancy related to it” – NACE Code 7112.

On December 31<sup>st</sup>, 2018 and December 31<sup>st</sup>, 2017, the Company owns 100% of the share capital of EnergoNuclear S.A. The value of participation as at December 31<sup>st</sup>, 2018 and December 31<sup>st</sup>, 2017 amounts to RON 141,666,101.

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Explanatory Notes to the Unaudited Preliminary Individual Financial Statements prepared for the year ended on December 31<sup>st</sup>, 2018

*(All amounts are presented in RON, unless otherwise indicated)*

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By the Resolution of the Extraordinary General Assembly of Shareholders of SNN no. 4/02.03.2018 the company approved continuing the negotiations on the Investment Documents under the same conditions from the Memorandum of Understanding, for 6 months after the date of institution and corporate approval, by applying all the other provisions of the Memorandum of Understanding, including the possibility for any party to terminate the Memorandum of Understanding without any compensations by a simple written notification to the other Party, if an agreement has not been reached on the Investment Documents, and insofar as the delay has not been caused by the respective Party.

In February - March 2018 there were negotiations regarding the undisputed aspects concerning the Investors' Agreement.

By letter of the General Department for Privatization and State Energy Interest Management (DGPAPSE) no. 261387/June 25<sup>th</sup>, 2018, the Company was informed about the approval, during the Government meeting as of June 21<sup>st</sup>, 2018, in the confidential section, of the Memorandum on the "Approval of the necessary measures to provide the continuity of Units 3 and 4 in CNE Cernavoda Project and the finalization of the negotiations with the selected investor". At the same time, DGPAPSE requested the Company to take the necessary steps in order to implement the provisions of the Government Memorandum.

On July 16<sup>th</sup>, 2018, the Board of Directors of SNN approved the revised form of the Project Continuation Strategy, with the recognition of the milestones performed to date, including those performed pursuant to the provisions of the Government Memorandum no. 20/12683/MB as of July 13<sup>th</sup>, 2017, and the subsequent mandate granted to the Board of Directors of SNN via the GMS Resolution no. 6/August 24<sup>th</sup>, 2017. The reviewed form of the Project Continuation Strategy is going to be approved in the future, in line with the requirements of the Government Memorandum.

The main amendments brought to the Strategy are the segregation of the rights and obligations of SNN and respectively of the Romanian State, intended to lead to the increase in the efficiency of the process by means of a 2-level approach: (1) B2B: SNN - CGN and (2) G2G: Government of Romania – Government of the Popular Republic of China. The new format of new negotiation committee creates the premises for the completion of the negotiations for the Preliminary Investors' Agreement by December 31<sup>st</sup>, 2018, the signing of the Investment Documents (the Investors' Agreement and the Articles of Incorporation of JVCo) and the establishment and operation of the project-related joint venture (JVCo) on January 31<sup>st</sup>, 2019.

At the meeting of October 8<sup>th</sup>, 2018, the Board of Directors has appointed a new negotiation commission, granted to this new commission a reviewed mandate related to the terms and conditions on continuing the negotiations for the establishment of a new JVCo, approved the reviewed preliminary format of investor Agreement and Articles of Incorporation for JVCo, so these documents may be sent to CGN.

On November 22<sup>nd</sup>, 2018, the meeting between National Energy Administration (NEA)/ CGN (Chinese party) and the Ministry of Energy (ME)/SNN (Romanian party) was held at the Ministry of Energy seat. The main conclusions of NEA/CGN meeting included the establishment of a Joint Working Group to promote G2G and B2B negotiations, as well as the agreement of the parties on resuming the negotiations based on the documents exchanged until now at B2B level, between the Negotiation Commission (whose activity has ceased on the date when the reviewed Strategy was approved by AGEA SNN) and CGN, (regarding AI) and, respectively, since the last IGA draft sent by the Ministry of Energy in year 2016.

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**S.N. Nuclearelectrica S.A.**

Explanatory Notes to the Unaudited Preliminary Individual Financial Statements prepared for the year ended on December 31<sup>st</sup>, 2018

(All amounts are presented in RON, unless otherwise indicated)

**6. INVENTORIES**

On December 31<sup>st</sup>, 2018 and December 31<sup>st</sup>, 2017 the items of inventories are as follows:

	<b>December 31<sup>st</sup>, 2018</b>	<b>December 31<sup>st</sup>, 2017</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Spare parts	141,261,670	135,781,160
Consumables and other materials	40,668,686	40,523,280
Nuclear fuel	134,045,595	113,324,270
Uranium	38,490,987	38,309,045
Other inventories	14,282,835	4,410,863
<b>Total</b>	<b>368,749,773</b>	<b>332,348,618</b>

**7. CASH AND CASH EQUIVALENTS, BANK DEPOSITS AND FINANCIAL ASSETS**

On December 31<sup>st</sup>, 2018 and December 31<sup>st</sup>, 2017, the cash and cash equivalents are as follows:

	<b>December 31<sup>st</sup>, 2018</b>	<b>December 31<sup>st</sup>, 2017</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Cash and cash equivalents in RON	1,606,936,039	1,705,294,007
Cash and cash equivalents in foreign currencies	4,239,679	8,055,808
<b>Total cash and cash equivalents</b>	<b>1,611,175,718</b>	<b>1,713,349,815</b>

The "Cash and cash equivalents" position also includes bank deposits with an initial maturity of less than one year, amounting to RON 1,438,730,983 (December 31<sup>st</sup>, 2017: RON 1,163,295,180), as well as the amount of RON 2,945,617 representing letters of credit issued in favor of providers of equipment, spare parts, services and technical support (December 31<sup>st</sup>, 2017: RON 3,657,741).

On December 31<sup>st</sup>, 2018 and December 31<sup>st</sup>, 2017, all bank deposits presented under the "Bank deposits" position are in RON.

	<b>December 31<sup>st</sup>, 2018</b>	<b>December 31<sup>st</sup>, 2017</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Bank deposits	<b>20,954,979</b>	<b>32,827,456</b>

On December 31<sup>st</sup>, 2018 the Company has reconsidered the classification method applied to bank deposits with maturity above 3 months, given that the Company enjoys unconditional access to the established deposits, and as such these are indicated under "Cash and cash equivalents" position for December 31<sup>st</sup>, 2018, as well as for December 31<sup>st</sup>, 2017. For the comparative interval, the amount of RON 1,139,446,500 was reclassified from "Bank deposits" position to "Cash and cash equivalents" position. Hence, the value of collateral deposits related to bank guarantee letters with maturity between 3 and 12 months was kept in the "Bank deposits" position.

On December 31<sup>st</sup>, 2018, the Company holds letters of guarantee issued by different banks at the request of the Company in favor of third parties, with a total value of RON 126,373,507 (December 31<sup>st</sup>, 2017: RON 111,477,734), for which a cash collateral in the form of collateral deposits was established, divided as follows: RON 0 in the "Cash and cash equivalents" position (December 31<sup>st</sup>, 2017: RON 2,294,426) related to letters of bank guarantee with maturity of less than 3 months, RON 20,954,979 under the "Bank deposits" position (December 31<sup>st</sup>, 2017: RON 32,827,456) related to letters of bank guarantee with a maturity of up to one year and RON 105,418,528 under the "Financial assets" position for letters of bank guarantee with a maturity of over one year (December 31<sup>st</sup>, 2017: RON 76,355,852). These

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letters of bank guarantee are related to the Company's participation on the electricity market, mostly representing the Company's sales of electricity.

On December 31<sup>st</sup>, 2018 the "Financial assets" position included the previously mentioned collateral deposits, as well as the amount of RON 5,032,931 representing the Company's contribution as new member of the European Liability Insurance for Nuclear Industry ("ELINI").

## 8. EQUITY

### Share capital

The Company was established through separation from the former Autonomous Electricity Administration ("RENEL"). The share capital represents the State's contribution to the Company's constitution on 30 June 1998 (restated with inflation up to December 31, 2003) plus subsequent increases.

As at December 31<sup>st</sup>, 2018 and December 31<sup>st</sup>, 2017, the share capital includes the effect of reassessments registered in the previous years required by the application of IAS 29 "Financial Reporting in Hyperinflationary Economies".

The reconciliation of the share capital is as follows:

	<b>December 31<sup>st</sup>, 2018</b>	<b>December 31<sup>st</sup>, 2017</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Subscribed and paid in share capital (nominal value)	3,015,138,510	3,015,138,510
Differences related to the restatement according to IAS 29	195,502,743	195,502,743
<b>Share capital (restated value)</b>	<b>3,210,641,253</b>	<b>3,210,641,253</b>

As at December 31<sup>st</sup>, 2018 and December 31<sup>st</sup>, 2017, the value of the statutory subscribed and paid-off share capital amounts to RON 3,015,138,510, consisting of 301,513,851 ordinary shares having the nominal value of 10 RON each.

The holders of ordinary shares are entitled to receive dividends, as they are reported from time to time, and one vote per share at the General Meetings of Shareholders.

The shareholding structure on December 31<sup>st</sup>, 2018 and December 31<sup>st</sup>, 2017 is as follows:

<b>Shareholders</b>	<b>Number of shares</b>	<b>% of the</b>	<b>Number of shares</b>	<b>% of the</b>
	<b>December 31<sup>st</sup>, 2018</b>	<b>share</b>	<b>December 31<sup>st</sup>, 2017</b>	<b>share</b>
		<b>capital</b>		<b>capital</b>
The Romanian State - Ministry of Energy	248,736,619	82.4959%	248,736,619	82.4959%
Fondul Proprietatea S.A.	21,268,355	7.0539%	27,408,381	9.0903%
Other shareholders	31,508,877	10.4502%	25,368,851	8.4138%
<b>Total</b>	<b>301,513,851</b>	<b>100%</b>	<b>301,513,851</b>	<b>100%</b>

### Prepaid reserve

The prepaid reserve amounts to RON 21,553,537 as at December 31<sup>st</sup>, 2018 and December 31<sup>st</sup>, 2017 and represent objectives of public utility at Cernavodă NPP branch (RON 5,439,321 as at December 31<sup>st</sup>, 2018 and December 31<sup>st</sup>, 2017), budgetary allocations for the period 2007-2011 for the construction of the Training and Recreation Center for Youth and Children in Cernavoda (RON 16,114,216 as at December 31<sup>st</sup>, 2018 and December 31<sup>st</sup>, 2017).

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**Revaluation reserves**

As at December 31<sup>st</sup>, 2018 the revaluation reserve amounts to RON 210,811,364 (December 31<sup>st</sup>, 2017: RON 236,534,798), net of deferred tax related to the revaluation reserve.

The Company admitted to a decrease of the revaluation reserve amounting to RON 25,723,434 due to the carry forward of this sum to the retained earnings.

This position will be changed accordingly after receiving the assessor's report which is to be finalized following the publication date of these Financial Statements.

**Retained earnings**

During the financial year ended on December 31<sup>st</sup>, 2018, the Company declared dividends amounting to RON 756,799,766 (December 31<sup>st</sup>, 2017: RON 209,524,685), out of which RON 271,362,466 distributed from the net profit of the financial year of 2017, according to the AGM Decision no. 5 /April 25<sup>th</sup>, 2018 (December 31<sup>st</sup>, 2017: RON 99,499,571 distributed from the net profit of the financial year of 2016, according to the AGM Decision no. 2 /April 24<sup>th</sup>, 2017) and RON 485,437,300 distributed based on the provisions of Art. II and Art. III of Government Emergency Ordinance no. 29/2017, from "Other reserves representing funds for own financing sources", according to the AGM Decision no. 13 /September 10<sup>th</sup>, 2018 (December 31<sup>st</sup>, 2017: RON 110,000,000 distributed based on the provisions of Art. II and Art. III of Government Emergency Ordinance no. 29/2017, from "Other reserves representing funds for own financing sources", according to the AGM Decision no. 8 /September 28<sup>th</sup>, 2017. Unpaid net dividends as at December 31<sup>st</sup>, 2018 amounted to RON 684,121 (December 31<sup>st</sup>, 2017: RON 110,826).

**9. PROVISIONS FOR RISKS AND EXPENSES**

On December 31<sup>st</sup>, 2018 and December 31<sup>st</sup>, 2017, respectively, the Company confirmed the following provisions, included under the position "Provisions for risks and expense" and the position "Current share of provisions for risks and expenses":

	<b>December 31<sup>st</sup>, 2018 (unaudited)</b>	<b>December 31<sup>st</sup>, 2017 (audited)</b>
Obligations regarding the Intermediary Used Fuel Storage (DICA)	60,633,302	57,953,296
Obligations regarding the low and medium radioactive and non-radioactive waste	97,648,238	97,584,997
Provision for litigations regarding employee benefits	34,937,153	-
Employees' participation to the profit	16,000,000	13,265,000
Provisions for litigations	71,141	71,141
<b>Total</b>	<b>209,289,834</b>	<b>168,874,434</b>

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On December 31<sup>st</sup>, 2018, the provisions in the total amount of RON 209,289,834 represent long-term and short-term liabilities, as follows:

	<b>Long-term share (&gt; 1 year)</b>	<b>Current share (&lt; 1 year)</b>
Obligations regarding the Intermediary Used Fuel Storage (DICA)	47,301,771	13,331,531
Obligations regarding the low and medium radioactive and non-radioactive waste	93,148,717	4,499,521
Provision for litigations regarding employee benefits	34,937,153	-
Employees' participation to the profit	-	16,000,000
Provisions for litigations	71,141	-
<b>Total</b>	<b>175,458,782</b>	<b>33,831,052</b>

“Provision for litigations regarding employee benefits” position represents the forecast of the effects of litigations initiated by Unions against the Company, CNE Cernavoda Union and Sindicatul Liber Energetica Nucleara '90 Union, with regard to employee benefits.

**10. REVENUES FROM ELECTRICITY SALES**

	<b>2018 (unaudited)</b>	<b>2017 (audited)</b>
<b>Revenues from electricity sales</b>		
Sales of electricity on regulated market	-	96,738,415
Sales of electricity on free market	2,111,999,063	1,785,829,730
Sales of thermal energy	4,970,369	2,154,959
Revenues from green certificates	21,171	17,407
<b>Total</b>	<b>2,116,990,603</b>	<b>1,884,740,511</b>

  

	<b>2018 (unaudited)</b>	<b>2017 (audited)</b>
<b>The amount of energy sold</b>		
Quantity of electricity sold on regulated market (MWh)	-	609,458
Quantity of electricity sold on free market (MWh)	10,642,623	10,107,639
<b>Total</b>	<b>10,642,623</b>	<b>10,717,097</b>

The Company is a participant in the balancing market, but also a Party Responsible for balancing, according to the agreements concluded with Ciga Energy S.A. The quantity of energy sold presented does not include the quantity of energy corresponding to the income from positive unbalances valued on the Balancing Market, amounting 33,556 MWh for the fiscal year ended on December 31<sup>st</sup>, 2018 (28,059 MWh for the year ended on December 31<sup>st</sup>, 2017).

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**11. OTHER OPERATING EXPENSES**

	<b>2018</b>	<b>2017</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Other expenses with services provided by third parties	80,582,285	93,617,443
Expenses with ANDR	97,237,719	96,721,769
Energy and water expenses	78,063,929	78,039,258
Fuel and other consumables expenses	31,431,120	31,090,933
Costs of insurance premiums	12,433,430	12,486,885
Transport and telecommunication expenses	6,616,390	6,185,561
Tax on buildings expenses	55,588,500	44,671,149
Expenses related to provisions and impairments	39,255,780	8,543,688
Other operating expenses	31,340,429	31,954,908
<b>Total</b>	<b>432,549,582</b>	<b>403,311,594</b>

Starting with 2007, following the Government Decision no. 1080/September 5<sup>th</sup>, 2007 regarding the safe management of the radioactive waste and the decommissioning of the nuclear installations, the Company is required to make two types of contributions to the ANDR:

- contribution for the decommissioning of each nuclear unit amounting to 0,6 EUR/MWh of net electricity generated and delivered in the system;
- contribution for the permanent storage of radioactive waste of 1,4 EUR/MWh of net electricity produced and generated and delivered in the system.

According to this legislative act, the annual contribution for decommissioning is paid over the projected useful life of both nuclear units, and the direct annual contribution for permanent storage is paid over the operational period of the nuclear units and consequently, ANDR takes responsibility for managing the entire decommissioning process at the end of the useful life of the nuclear plants and the storage of resulting waste.

**12. FINANCIAL INCOME AND EXPENSES**

	<b>2018</b>	<b>2017</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Income from interests	45,269,487	13,372,796
Foreign exchange gains	49,772,165	62,277,633
Income from dividends	1,193	3,102
<b>Total financial income</b>	<b>95,042,845</b>	<b>75,653,531</b>
Foreign exchange losses	(42,194,580)	(71,457,344)
Interest related expenses	(16,661,029)	(22,645,004)
<b>Total financial costs</b>	<b>(58,855,609)</b>	<b>(94,102,348)</b>
<b>Net financial income/(expense)</b>	<b>36,187,236</b>	<b>(18,448,817)</b>

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**13. SUBSEQUENT EVENTS*****Amendment of the Articles of Incorporation of the Company***

By Resolution no. 2/04.01.2019 of the Extraordinary General Assembly of Shareholders, the amendment of the Articles of Incorporation of SNN, according to the report submitted to the shareholders for this topic on the agenda (item 2 of the AGEA agenda of January 4<sup>th</sup>, 2019), was approved. The amendment is as follows: adding Paragraph (7) to Art. 8 which is specifying that the Board of Directors is authorized, for a period of three years, to increase the share capital by issuing new shares in exchange for the contributions of the shareholders up to an authorized capital value of RON 3,015,427,983.

***Activities approved for the increase of share capital***

Resolution no. 2/04.01.2019 of the Extraordinary General Assembly of Shareholders approved the following activities for the increase of share capital:

1. The appointment by the Trade Registry Office attached to Bucharest Court of Law of an authorized assessor to appraise the land located on 23 Energia Street, Cernavoda, Constanta County, in order to increase the share capital of Nuclearelectrica S.A., as per the note forwarded to the shareholders with regard to this item of the agenda (item 3 of AGEA agenda from January 4<sup>th</sup>, 2019);

2. Conferral of power to the Board of Directors for S.N. Nuclearelectrica S.A. share capital increase up to a maximum value of authorized registered capital of Lei 3,015,427,983 lei, according to the note forwarded to the shareholders in relation to this item of the agenda (item 4 of AGEA agenda from January 4<sup>th</sup>, 2019).

***Appraisal mission lead by the World Association of Nuclear Operators “WANO”***

By the Current Report published on January 30, 2019, S.N. Nuclearelectrica S.A. is notifying the shareholders and investors on the appraisal mission lead by the World Association of Nuclear Operators “WANO” between 5 – 12 November 2018. This appraisal, carried out at the request of S.N. Nuclearelectrica S.A., by a team of 25 international experts sent by nuclear power plants from all over the world, concluded that the level of nuclear security at CNE Cernavoda is high.

***Changes in the management of the Company***

By Resolutions no. 2/04.02.2019 and no. 3/04.02.2019, SNN Board of Directors has approved the appointment of the Chief Executive Officer, Deputy Executive Officer and Chief Financial Officer for a period of 4 years, starting on February 11, 2019, as follows: Mr. Cosmin Ghita – as Chief Executive Officer; Mr. Dan Laurentiu Tudor – as Deputy Executive Officer and Mr. Adrian Gabriel Dumitriu – as Chief Financial Officer.

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

**Adrian Gabriel Dumitriu**  
**Chief Financial Officer**

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