



HALF-YEARLY 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, 2019
(First half-year of financial year 2019)**

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, 2019 (1st half-year of financial year 2019)

Report date:

August 12, 2019

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:

Revised simplified individual interim financial statements and revised simplified consolidated interim financial statements on the date and for the period of 6 months that ended on June 30, 2019 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" adopted by the European Union.

Applicable accounting standards:

Romanian Leu (RON) – all the presented amounts are in RON, unless indicated otherwise.

Reporting currency:

Reported period:

First half-year of financial year 2019

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1. ECONOMIC AND FINANCIAL SITUATION

The information and the revised simplified individual interim financial statements and revised simplified consolidated interim financial statements as at and for the period of 6 months that ended on June 30, 2019 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” adopted by the European Union.

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

1.1. ECONOMIC AND FINANCIAL INDIVIDUAL SITUATION

a) Statement of financial position as at June 30, 2019

Indicator [thousand RON]	June 30, 2019 (revised)	December 31, 2018 (audited)
Non-current assets	6,489,986	6,671,436
Current assets	2,160,627	2,194,769
Total Assets	8,650,613	8,866,205
Equity capital	7,090,878	7,179,131
Total liability, out of which:	1,559,735	1,687,074
Long-term debts	1,027,182	1,122,870
Short-term debts	532,553	564,204
Total Equity and Liability	8,650,613	8,866,205

b) Statement of financial performance and global result for the 6-month period that ended on June 30, 2019

Indicator [thousand RON]	6-month period ended on June 30, 2019 (revised)	6-month period ended on June 30, 2018 (revised)
Operating revenues	1,208,559	1,006,687
Operating expenses	(844,374)	(791,433)
Operating profit	364,185	215,254
Financial revenues	34,734	46,652
Financial expenses	(38,797)	(31,716)
Net financial (expenses)/revenues	(4,063)	14,936
Profit before income tax	360,122	230,190
Net income tax expense	(69,461)	(47,876)
Profit for the period	290,661	182,314
Other elements of the global result	-	-
Global result	290,661	182,314
Basic earnings per share (RON/share)	0.96	0.60
Diluted earnings per share (RON/share)	0.96	0.60

c) Cash flow statement for the 6-month period ended on June 30, 2019

Indicator [thousand RON]	6-month period ended on June 30, 2019 (revised)	6-month period ended on June 30, 2018 (revised)
Profit before income tax	360,123	230,190
Non-monetary value adjustments and modifications	235,318	275,289
Net cash flow from operating activities	470,111	448,529
Cash flow used in investing activities	(90,600)	(46,339)
Net cash flow from financing activities	(482,650)	(378,783)
Net decrease in cash and cash equivalents	(103,139)	23,407
Cash and cash equivalents at the beginning of the period	1,611,176	1,713,350
Cash and cash equivalents at the end of the period	1,508,037	1,176,757

1.2. ECONOMIC AND FINANCIAL CONSOLIDATED SITUATION

a) Statement of financial position as at June 30, 2019

Indicator [thousand RON]	June 30, 2019 (revised)	December 31, 2018 (audited)
Non-current assets	6,492,232	6,673,099
Current assets	2,158,305	2,193,166
Total Assets	8,650,537	8,866,265
Equity	7,090,695	7,178,990
Total liability, out of which:	1,559,842	1,687,275
Long-term debts	1,027,182	1,122,870
Short-term debts	532,660	564,405
Total Equity and Liability	8,650,537	8,866,265

b) Statement of financial performance and global result for the 6-month period that ended on June 30, 2019

Indicator [thousand RON]	6-month period ended on June 30, 2019 (revised)	6-month period ended on June 30, 2018 (revised)
Operating revenues	1,208,557	1,006,684
Operating expenses	(844,375)	(791,434)
Operating profit	364,182	215,250
Financial revenues	34,695	46,648
Financial expenses	(38,797)	(31,716)
Net financial (expenses)/revenues	(4,102)	14,932
Profit before income tax	360,080	230,182
Net income tax expense	(69,461)	(47,876)
Profit for the period	290,619	182,306
Other elements of the global result	-	-
Global result	290,619	182,306
Basic earnings per share (RON/share)	0.96	0.60
Diluted earnings per share (RON/share)	0.96	0.60

c) Situation of the treasury flows for the 6-month period ended on June 30, 2019

Indicator [thousand RON]	6-month period ended on June 30, 2019 (revised)	6-month period ended on June 30, 2018 (revised)
Profit before income tax	360,081	230,182
Non-monetary value adjustments and modifications	235,388	275,289
Net cash flow from operating activities	470,100	448,516
Cash flow used in investing activities	(91,165)	(46,749)
Net cash flow from financing activities	(482,650)	(378,781)
Net decrease in cash and cash equivalents	(103,715)	22,986
Cash and cash equivalents at the beginning of the period	1,611,959	1,713,834
Cash and cash equivalents at the end of the period	1,508,244	1,736,820

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;
- 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;
- Maintenance investment volume;
- 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]	2019	2018
Value of the investment program	256,548	244,867
Realised investment program as at June 30	136,948	74,582

The completion degree of the investment program as of June 30, 2019 is 53.4%, compared to June 30, 2018, when the achievements from the investment program were 30.5%.

2.3. Events, transactions and economic changes that significantly affect the revenues from the main 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 1st half-year of 2019

Other significant events from the 1st half-year of 2019 that were not already presented in the quarterly report related to the 1st quarter of 2019 are as follows:

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

By Resolution no. 4/10.04.2019 of the Extraordinary General Meeting of Shareholders, the following activities regarding Units 3 and 4 Cernavoda NPP were approved:

1. Approval of the Preliminary Form of the Investors Agreement regarding Units 3 and 4 Cernavoda NPP concluded between China General Nuclear Power Corporation and CGN Central and Eastern Europe Investment (RO) CO.S.A. and S.N. Nuclearelectrica S.A. (item 2 of EGMS agenda from April 10, 2019);
2. Approval of the authorization of the Chairman of the Board of Directors of S.N. Nuclearelectrica S.A. to sign the Preliminary Form of the Investors Agreement (item 1 above), in the name and on behalf of the Company (item 3 of EGMS agenda from April 10, 2019);
3. Approval of the authorization of the Board of Directors of S.N. Nuclearelectrica S.A. to initiate and carry out the necessary steps to finalize the Articles of Incorporation of the project company, in accordance with the provisions set in the Preliminary Form of the Investors Agreement (item 1 above); the mandate thus granted to the Board of Directors of SNN may be assigned to the executive management, and the final form of the Articles of Incorporation of the project company will be submitted for the approval of the Extraordinary General Meeting of Shareholders of SNN (item 5 of EGMS agenda from April 10, 2019).

On May 8, 2019, SN Nuclearelectrica SA and China General Nuclear Power Corporation and CGN Central and Eastern Europe Investment signed the Preliminary Form of the Investors Agreement regarding the continuation of the Units 3 and 4 Cernavoda NPP Project.

b) Approving the distribution of the net profit of financial year 2018

By Resolution no. 5/23.04.2019 of the Ordinary General Meeting of Shareholders of SNN were approved the distribution of the net profit for the financial year 2018 by destinations, the total value of gross dividends in value of RON 378,914,310, the value of the gross dividend per share in value of RON 1.25670615, the dividend payment date, namely the date of June 28, 2019 and the payment methods, according to the report submitted to the shareholders for this item of the agenda (item 5 of EGMS agenda from April 23, 2019).

c) Planned outage of Unit 2 Cernavoda NPP

Starting from May 3, 2019 at 11:00, Unit 2 CNE Cernavoda entered the planned outage program, while the synchronization with the National Energy System was made on June 7, 2019 at 22:00.

During the planned outage, which is made once every two years for every unit, more than 9,000 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 only be made 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.

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 1st half-year of 2019

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 related parties during the 1st half-year of 2019 are presented in Annex 8.2. The financial auditor issued a report on these legal acts, published on July 25, 2019 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, 2019

The Project for Units 3 and 4 Cernavoda NPP

Resolution no. 9 / July 29, 2019 of the Extraordinary General Meeting of Shareholders approved the endorsement of the SNN Board of Directors to approve the modification of the deadlines / due dates provided in the preliminary form of the Investors' Agreement related to the Project for Units 3 and 4 of CNE Cernavoda.

6. MAIN RISKS AND UNCERTAINTIES FOR THE FOLLOWING 6 MONTHS OF THE FINANCIAL YEAR 2019

There are no risks and uncertainties for the following 6 months of financial year 2019, other than those related to the basic activity, identified and presented in this report. The Company estimates that it will obtain at least the profit budgeted for the current year, without exceeding the total operating expenses planned by the Revenue and Expense Budget approved by the AGOA Resolution no. 6 / May 20, 2019.

7. STATEMENTS AND SIGNATURES

Based on the best available information, we confirm that the revised Simplified Individual Interim Financial Statements and the Revised Simplified Consolidated Interim Financial Statements on the date and for the period of 6 months that ended on June 30, 2019 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” adopted 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, 2019 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, 2019, 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

Approved,
Adrian Gabriel Dumitriu,
Chief Financial Officer

8. APPENDIXES

8.1 Economic and financial INDICATORS

Indicator name	Calculation method	M.U.	Value 30.06.2019 ^{*)}
1. The current liquidity indicator	Current assets/ Current debts	x	4.06
2. Indebtedness degree indicator			
2.1. Indebtedness degree indicator (1)	Borrowed capital/ x 100 Equity	%	8.4%
2.1. Indebtedness degree indicator (2)	Borrowed capital/ capital x 100 Engaged	%	7.8%
3. Debt turnover rate - customers	Average customer balance/ Turnover x 180	days	21
4. Turnover speed of fixed assets^{**)}	Turnover/ Non-current assets	x	0,37

^{*)} Based on the Revised Simplified Individual Interim Financial Statements on the date and for the 6 month period ended on June 30, 2019.

^{**)} 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 1st half-year of 2019 according to art. 82 of Law no. 24/2017 regarding the issuers of financial instruments and market operations

The transactions with related parties related to the first half-year of 2019 were reported in the Current Reports of January 15, 2019 (term deposit – without extension), February 1, 2019 (term deposit – without extension), February 4, 2019 (service contract addendum), February 15, 2019 (rent contract addendum), February 19, 2019 (term deposit – without extension), March 7, 2019 (contract and term deposit – without extension), March 19, 2019 (service contract addendum and framework service agreement), April 5, 2019 (sectorial contract for products), April 17, 2019 (service contract addendum), April 25, 2019 (contract and term deposits – without extension), May 8, 2019 (term deposit – without extension), May 15, 2019 (term deposit – without extension), May 16, 2019 (subscription for using/operating water resources), May 20, 2019 (service contract), June 4, 2019 (addendum for framework service agreement), June 7, 2019 (term deposit – without extension), June 11, 2019 (contract), June 19, 2019 (addendum for framework service agreement), June 25, 2019 (term deposit – without extension) and July 2, 2019 (addendum for framework service agreement).

8.3 Major litigations in progress on June 30, 2019 (over 500 thousand RON), including the non-monetary evaluated ones

The list of major litigations in progress as of June 30, 2019 is found in Annex 4 – “Major litigations in progress as of June 30, 2019 (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 2019, published on the website of S.N. Nuclearelectrica S.A. (www.nuclearelectrica.ro), “Relations with investors” section.

8.4 REVISED SIMPLIFIED INDIVIDUAL INTERIM FINANCIAL STATEMENTS on the date and for the 6-month period ended on June 30, 2019

Revised simplified individual interim financial statements on the date and for the period of 6 months that ended on June 30, 2019 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” adopted 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 REVISED SIMPLIFIED CONSOLIDATED INTERIM FINANCIAL STATEMENTS on the date and for the 6-month period ended on June 30, 2019

Revised simplified consolidated interim financial statements on the date and for the period of 6 months that ended on June 30, 2019 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 period January 1 – June 30, 2019

Half-year report of the Board of Directors on the administration activity for January 1 - June 30, 2019 drafted according to the provisions of art. 55 of Emergency Ordinance no. 109/2011 on the corporate governance of public companies, as further amended and supplemented (“GEO no. 109/2011”), is published on the website of S.N. Nuclearelectrica S.A. (www.nuclearelectrica.ro), Investor Relations section.