



March 2021

# 2020 Annual Results Presentation

Stephen Billingham, Chairman  
Boris Schucht, Chief Executive Officer  
Ralf ter Haar, Chief Financial Officer

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# Today's speakers



## **Boris Schucht**

*Chief Executive Officer*



- Appointed May 2019.
- Previously worked as CEO at 50Hertz, the North-East German Transmission System Operators.
- More than 25 years' experience in the energy sector.
- Over 14 years in senior executive positions across Europe, including for the Vattenfall Group.
- MA in Mechanical Engineering from the University of Aachen.

## **Ralf ter Haar**

*Chief Financial Officer*



- Appointed November 2014.
- Previously worked as Senior Vice President and Corporate Controller at NXP Semiconductors and CFO Asia Pacific for Alcatel-Lucent.
- More than 30 years' experience in the energy sector, high tech industries and banking.
- Holds an MSc in economics and an LLM in business law from the Erasmus University Rotterdam.

50th anniversary



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- CEO's Review

- 2020 Annual Results

- Summary

- Q&A

# 2020 highlights



- All customer deliveries met, safe and stable operations and solid financial results, despite COVID-19.
- Revenue, EBITDA and net income down on 2019 (5.8%, 10.8% and 6% respectively), remaining robust and slightly higher than expectations.
- New agreements with existing customers and order book extended beyond the 2030s.
- Final stages of Tails Management Facility active commissioning. Commercial production expected to start in first half of 2021.
- Roll-out of refreshed Urenco strategy continuing at pace, including creation of new Technology and Development function.
- Confident in BREXIT preparations and ability to provide services from all sites in 2021.



# Response to COVID-19 pandemic



- Urenco acted quickly and decisively to establish detailed prevention, mitigation, and recovery plans.
- Main challenge, and key priority, was to ensure the health and safety of our employees and the continued safe and secure operation of our sites .
- No interruption to our operations, supply chain, logistics or deliveries.
- Providing strong support to our employees and taking no COVID-19 assistance from Government support schemes in any country.



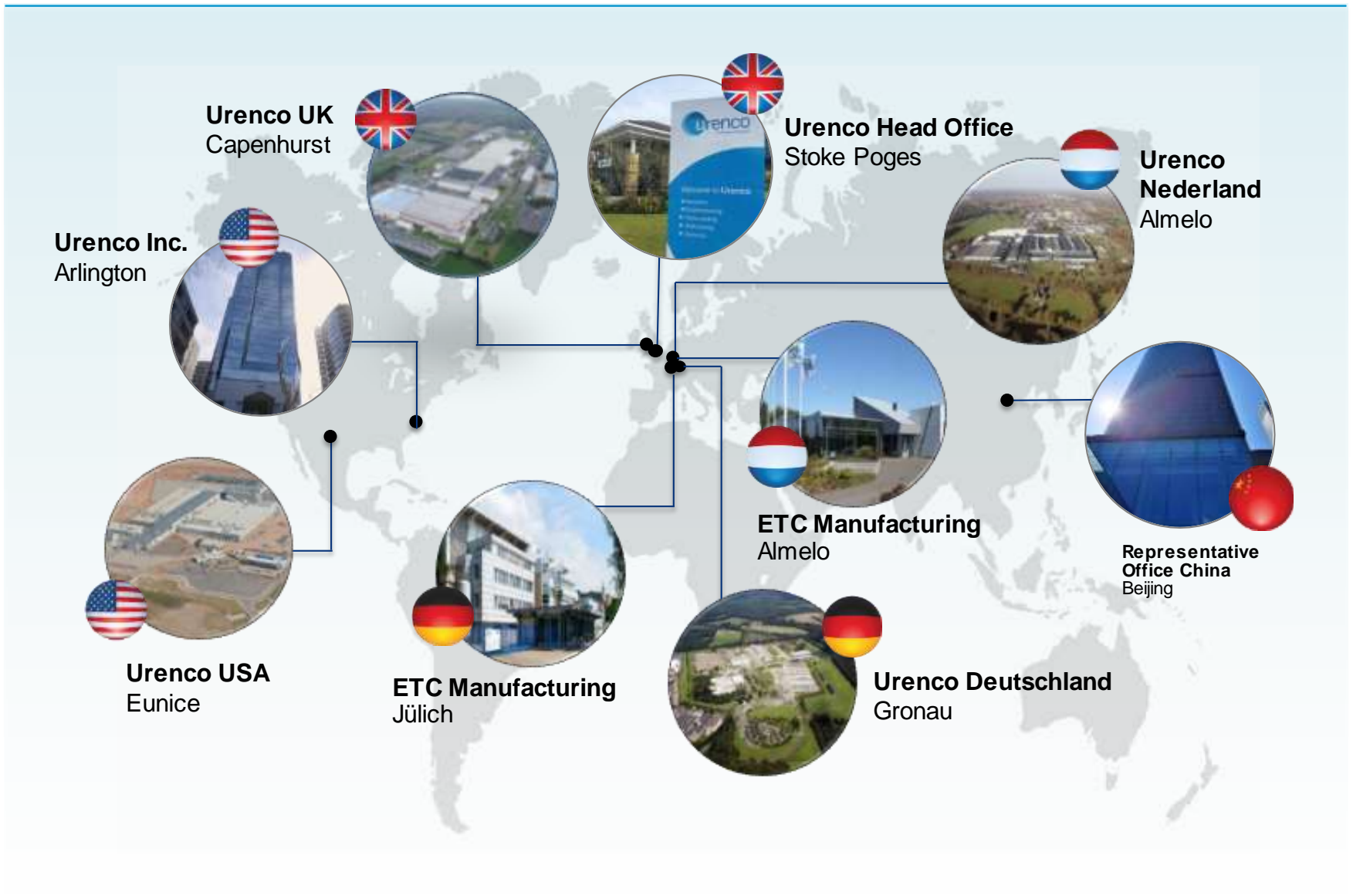
## THE Paris... CLIMATE 10 years PLEDGE Early

- Strong health & safety results – Total Recordable Incident Rate 0.284.
- 100% customer delivery record maintained.
- Energy reduced by 2%, total emissions reduced by 9% and water usage reduced by 10%.
- More than 300,000 students have now participated in our Richie education programme.
- Updated sustainability strategy to be published by mid-2021.

***Commitment to net zero carbon emissions in advance of 2040.***



# Our global reach



# Year end 2020 capacity

Total capacity: 18,300 tSW/year



Capenhurst, UK  
Capacity: 4,500 tSW/year



Eunice, USA  
Capacity: 4,800 tSW/year

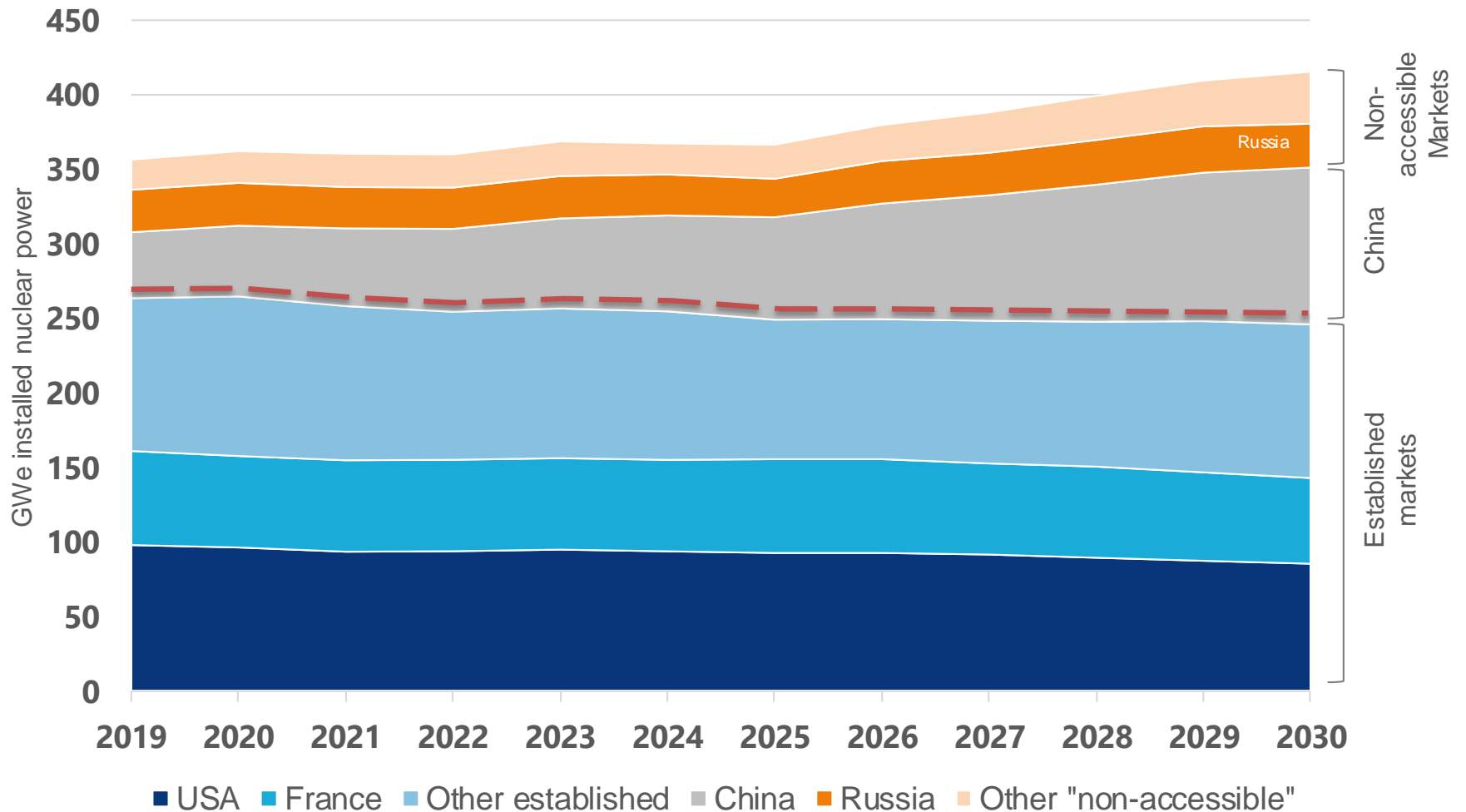


Almelo, The Netherlands  
Capacity: 5,200 tSW/year

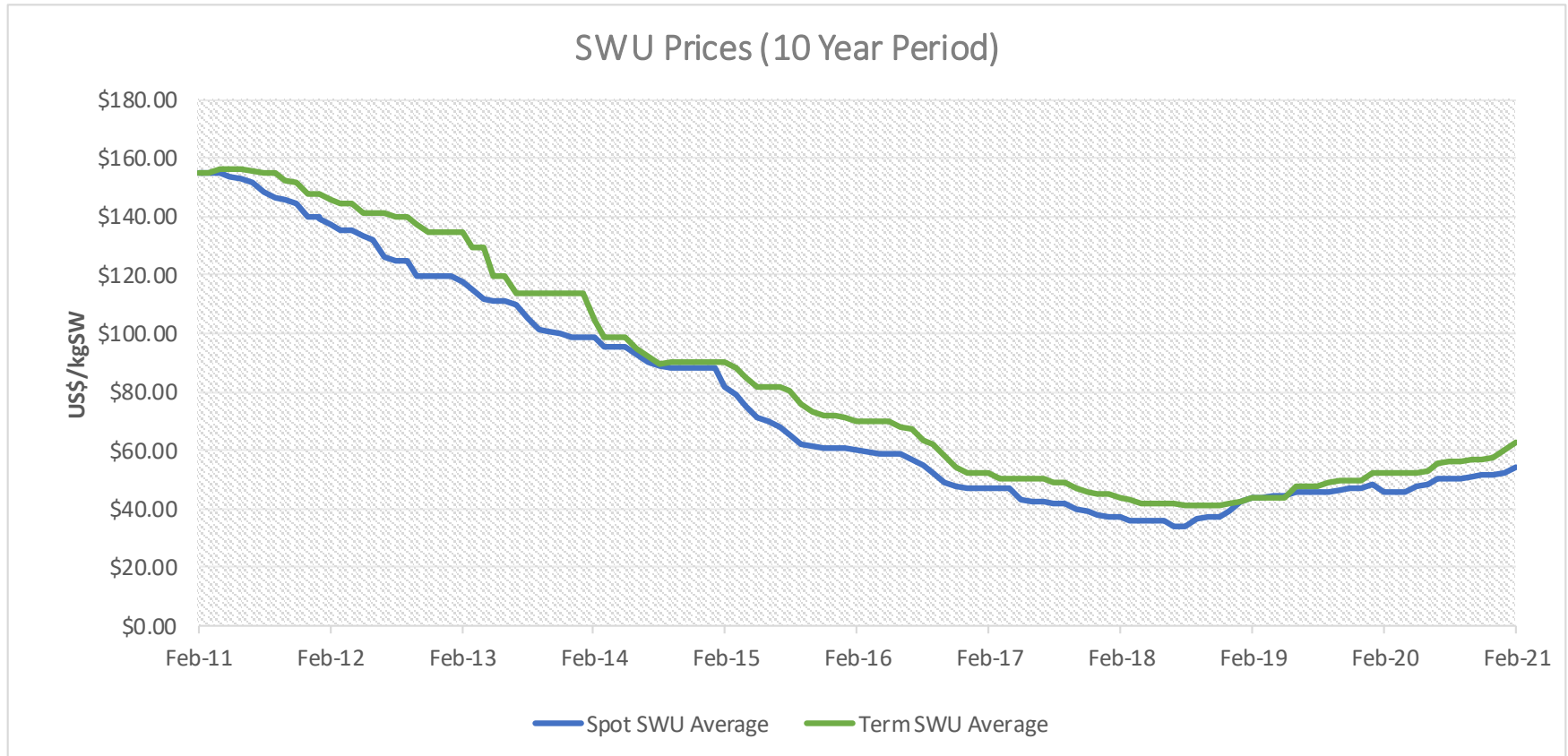


Gronau, Germany  
Capacity: 3,800 tSW/year

# Urenco's nuclear industry outlook



# SWU market price development

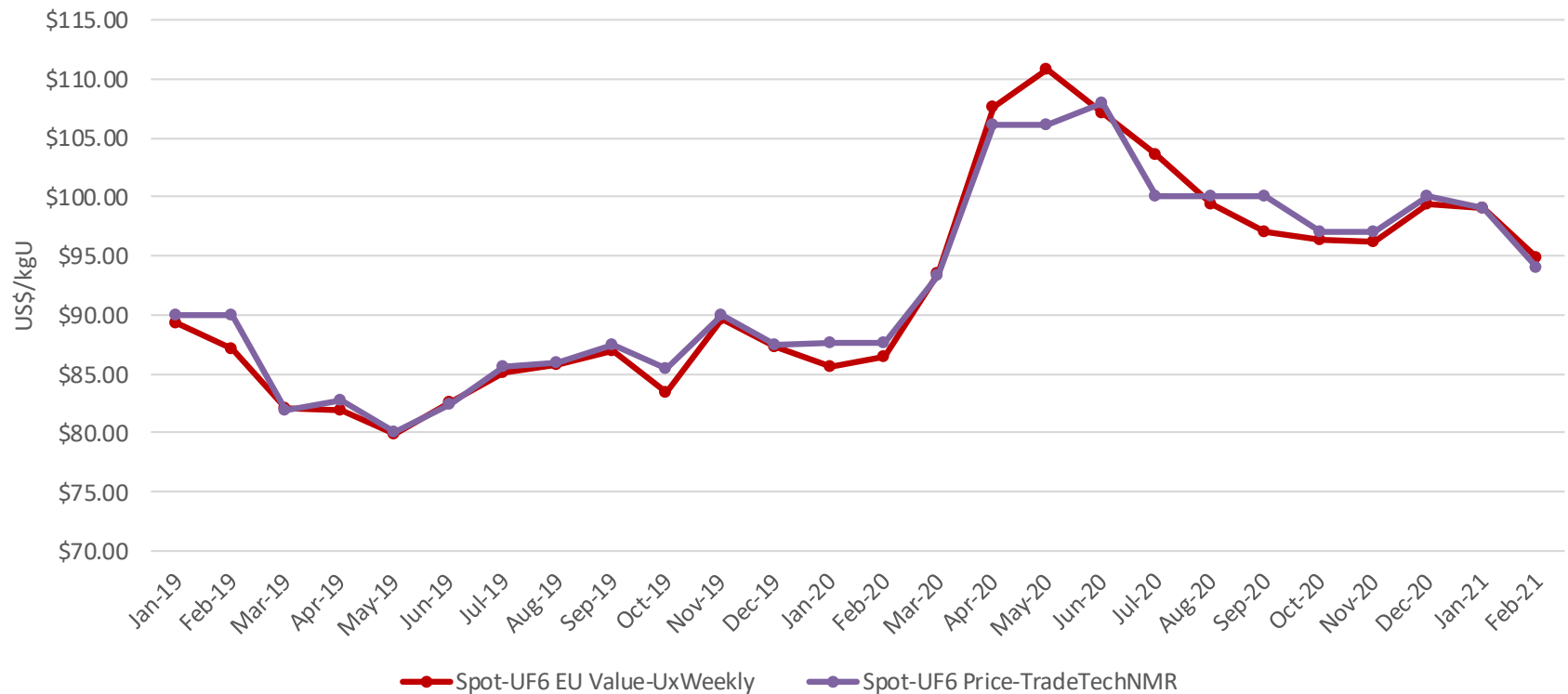


- From the lowest point in 2018 of \$34/kgSWU, SWU prices have recovered by 60%, with the latest average spot price of \$54/kgSWU.
- In 2020 the average SWU prices for TradeTech and UxC has increased by 6% from \$48.50/kgSWU to \$51.60kgSWU.

# Uranium feed market price development



UF6 Month End Prices (2019-21)



- The uranium feed market prices have decreased after reaching the peak of \$107.60/kgU for UF6 in May 2020, which was reached as a market response to production curtailments.



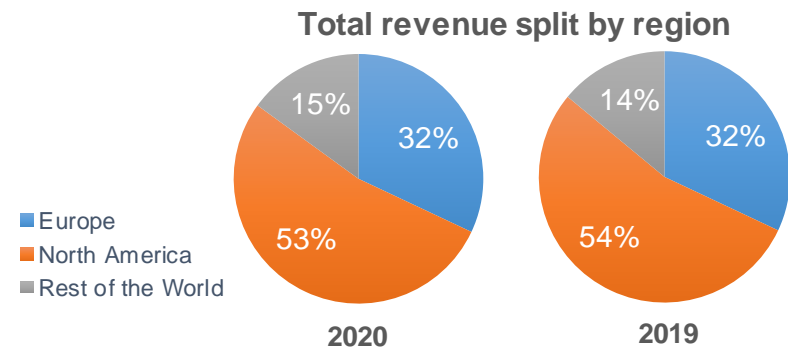


- Depressed electricity demand during first wave of COVID-19; electricity production and consumption now recovering.
- Nuclear to play a key role in achieving net zero targets.
- Nuclear developments:
  - China: 2019/2020, 10 new reactors brought online, a further 10 approved.
  - UAE: ENEC's Barakah-1 on track for full commercial operation early in 2021.
  - US nuclear power plant life extensions to 80 years.
  - UK: Government investment in nuclear and negotiating on Sizewell C project through Ten Point Plan and Energy White Paper.
  - France: 2022 decision on whether to build new nuclear reactors.
  - The Netherlands: launching a consultation on whether to build new nuclear power plants.





- Long term order book €9.0 billion.
- Our product offering:
  - Enrichment services
  - Natural uranium
  - Conversion
  - $U_3O_8$



# Innovation: new cylinder overpack

- Urenco completed a project with Daher to develop an alternative cylinder overpack for transportation of our standard product cylinders.
- In May 2020, it enabled the largest ever single sea shipment of enriched uranium product cylinders, delivered to North America from all three European production sites.





## Tails Management Facility (TMF)

- Construction completed in June 2019.
- Licence to commence active commissioning of the tails deconversion plant granted in autumn 2020.
- Commercial production expected to start in first half of 2021.



## Urenco Nuclear Stewardship

- Waste management - new contract in 2020, framework worth up to £65 million.
- Decommissioning: delivered £200 million of decommissioning projects for NDA in past eight years.
- Storage: currently store 95% of the UK inventory of uranium on behalf of the NDA.



## Growth of Urenco stable and medical isotopes

- Taking a significant step forward on the construction of an expanded facility for the production of stable and medical isotopes, to be completed 2021.

## Next generation fuels

- Committed further funding to enable US and UK sites to explore in depth the production of LEU+, uranium enriched up to 10%, to meet customer demand.
- LEU+ can be used in existing light water reactors seeking to achieve higher levels of safety and improved economics.

## Technology and Development

- New function to bundle our technology capacities and business development activities across the organisation.



## Brexit

- New Trade and Cooperation Agreement between the UK and EU, and civil Nuclear Cooperation Agreement (NCA) between the UK and Euratom.
- Confident our European sites can continue to work together efficiently and effectively.

## USA

- The US Department of Commerce and Rosatom finalised their agreement to extend a limitation on US imports of Russian uranium from 2021 to 2040.

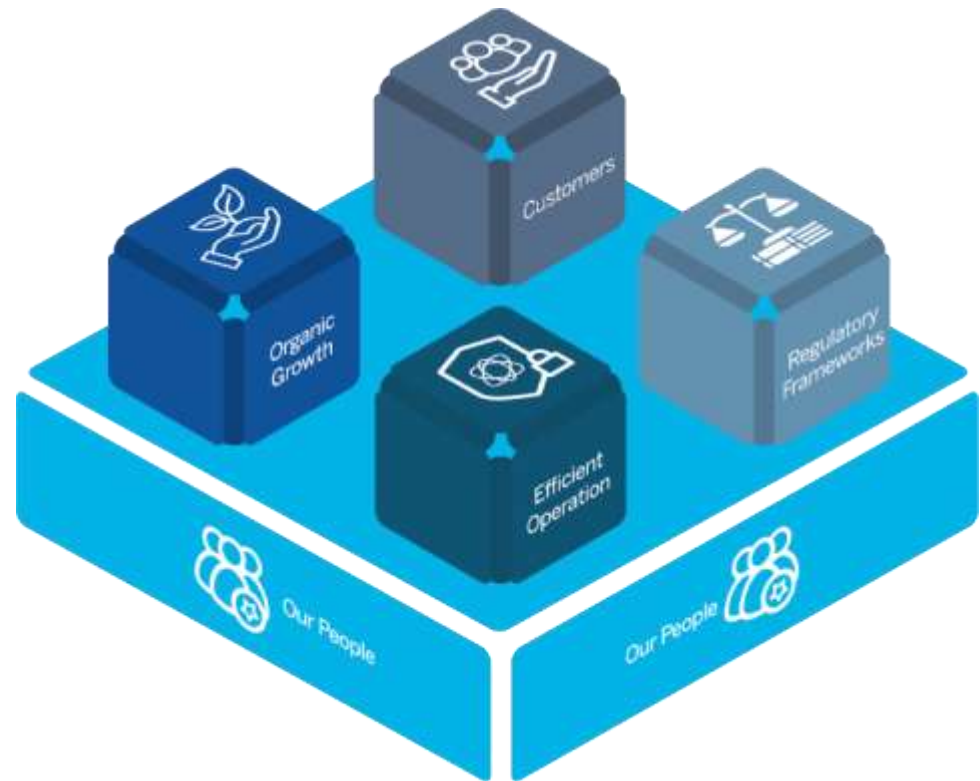




# Our Strategy

‘Our Strategy’ is designed around five building blocks:

- Create a winning team as a strong foundation.
- Maintain our strong customer base.
- Defend and innovate our core business operations.
- Shape and utilise regulatory frameworks.
- Promote organic growth.





- Continued focus on managing the COVID-19 situation.
- Implementation of 'Our Strategy' and 'Our Culture' programmes.
- TMF commercial production expected to start by mid 2021.
- Commissioning of Urenco Stable Isotopes medical expansion.
- Implementation of refreshed sustainability strategy.
- Supporting the increasing recognition of nuclear's contribution to net zero and continued development of new nuclear projects.

- CEO's Review

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# Financial summary 2020 vs. 2019

(€ million)



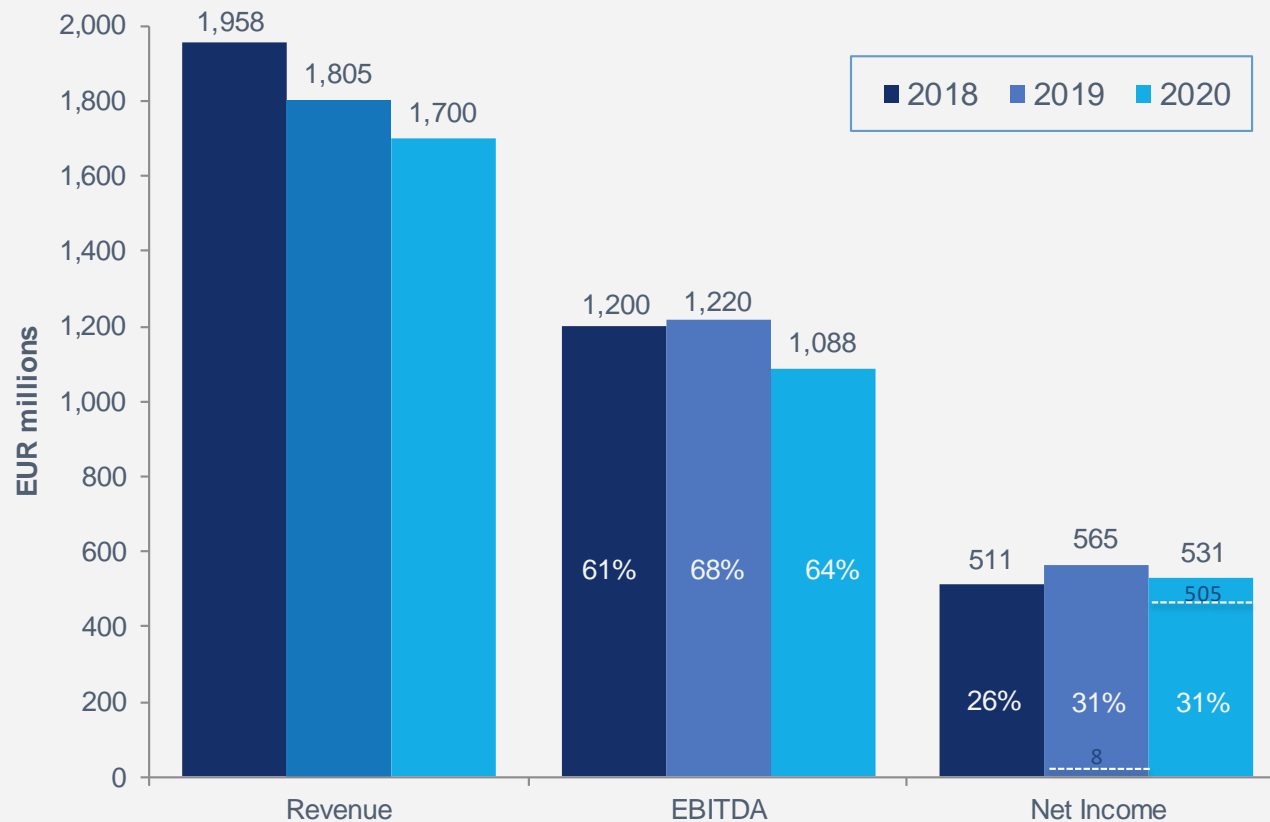
Year ended 31 December	2020	2019
Revenue	1,700	1,805
EBITDA <sup>1, 2</sup>	1,088	1,220
EBITDA margin %	64.0%	67.6%
Income from operating activities – pre exceptional items	774	850
Exceptional items <sup>2</sup>	(26)	(643)
Net Income – pre exceptional items	531	565
Net income margin – pre exceptional items	31%	31%
Net income – post exceptional items	505	8
Capital expenditure <sup>3</sup>	141	151
Cash generated from operating activities	1,171	1,094
Net debt	456	928

## Note

1. EBITDA excludes exceptional items
2. Exceptional items in 2020 comprise an increase in nuclear provisions of €26m due to lower discount rates in the US.
3. Capital expenditure reflects investment in property, plant and equipment and intangibles, plus prepayments in respect of fixed asset purchases for the period and includes €6m of capital accruals reported in working capital payables

# Financial summary 2018 – 2020

(€ million)



\*2020 Net Income of €531 million is shown before exceptional items of €26 million (post-tax). After exceptional items, Net Income was €505 million. 2019 exceptional items comprised of impairment on USA operations (€446m post tax) and increase of nuclear provisions due to lower discount rates in Europe (€111m post tax).

# Revenue

(€ million)

- Revenue decreased due to:
  - lower SWU volumes partially offset by higher uranium volumes;
  - lower unit revenues for SWU and higher unit prices for Uranium, further impacted by hedging; and
  - higher other revenue as a result of one-off legal settlements and conversion credit sales.



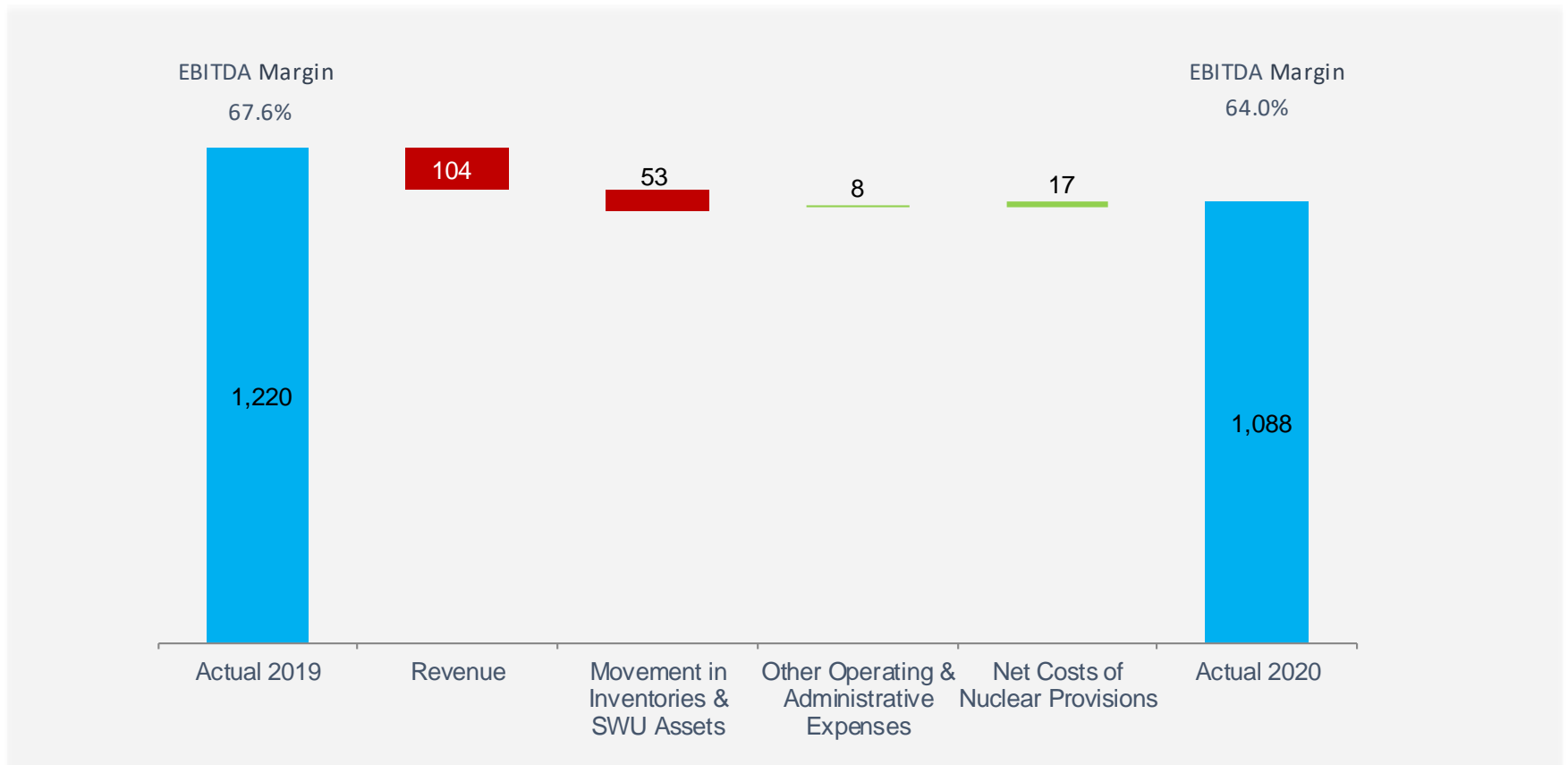


# EBITDA

(€ million)



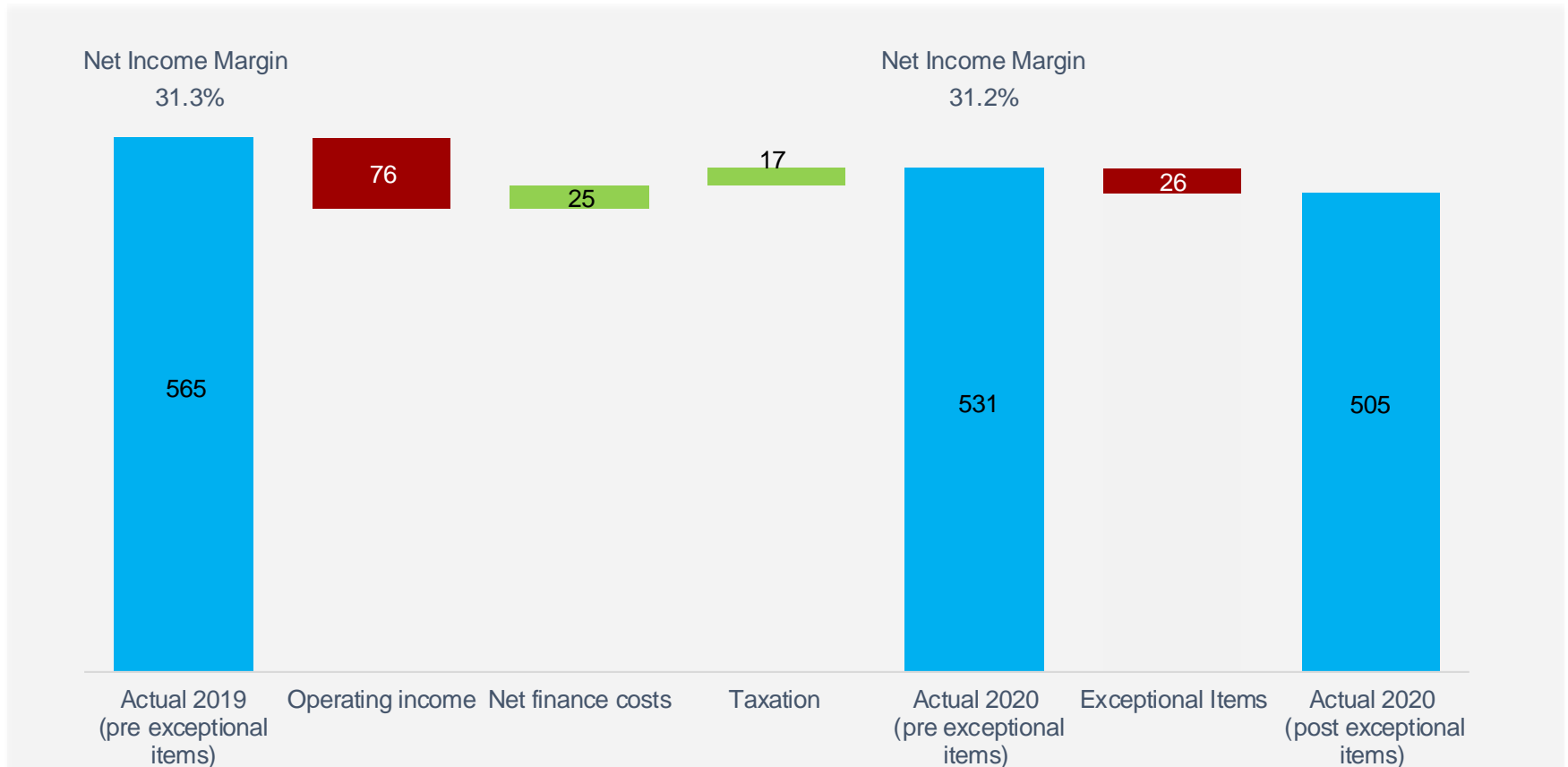
- EBITDA decrease in 2020 driven by:
  - lower revenues and higher movements in inventories & SWU assets,
  - lower operating and administrative expenses and net costs for nuclear provisions.



# Net income

(€ million)

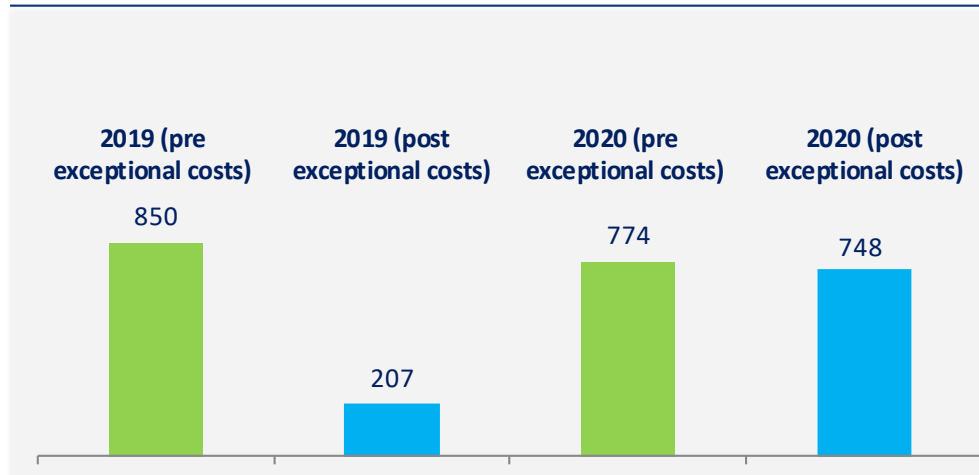
- Slight decrease in net income (pre exceptional costs) reflects:
  - impact of lower EBITDA together with movements in depreciation,
  - lower net finance costs reflecting lower levels of debt, and
  - lower taxation expense due to lower profits.



# Exceptional costs

(€ million)

## Income from Operating Activities



### 2020

Revision to discount rates on nuclear liabilities (USA operations)

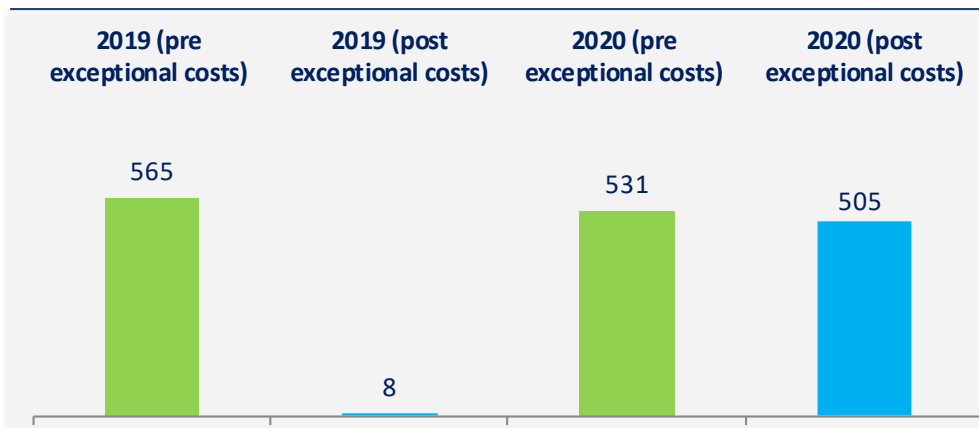
- Charge of €26 million

### 2019

Impairment of USA assets

- Pre-tax charge of €500 million
- Post-tax charge of €446 million

## Net Income



Revision to discount rates on nuclear liabilities (European operations)

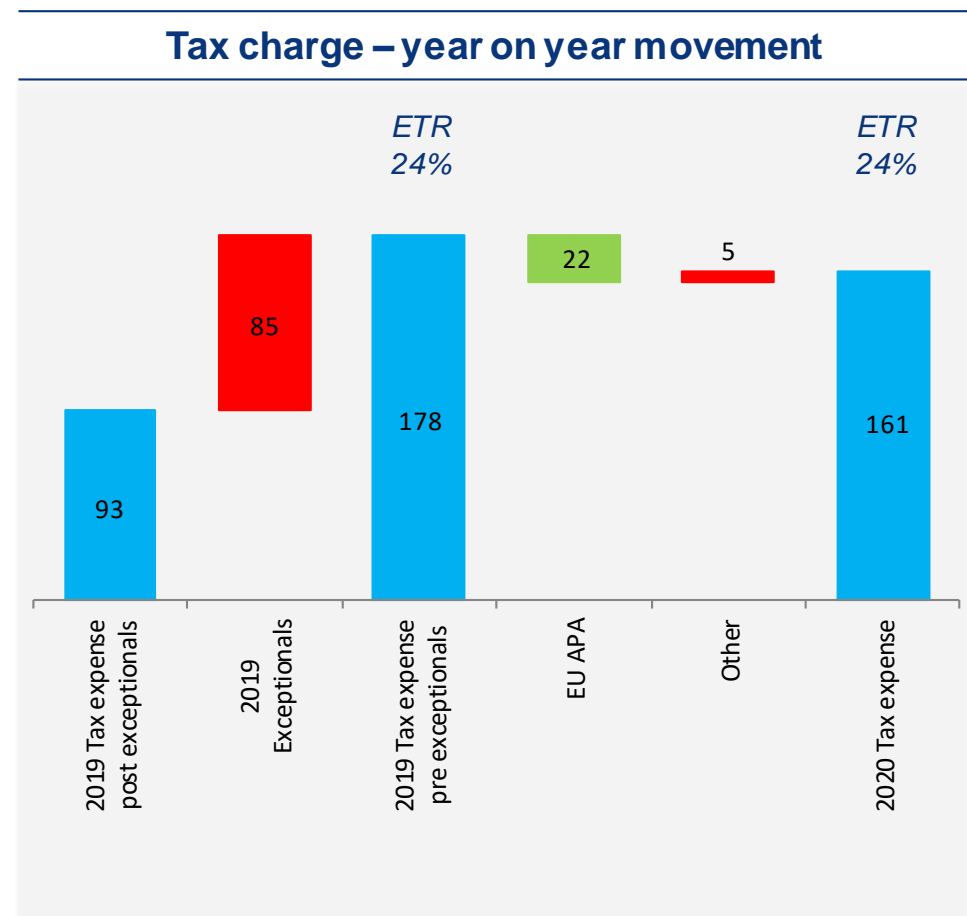
- Pre-tax charge of €143 million
- Post-tax charge of €111 million

## Consolidated tax charge

- 2020 tax charge was €161 million (2019: pre exceptionals €178 million and €93 million post exceptionals).
- The tax charge has reduced by €17 million, mainly due to the finalisation of a 2013-2020 transfer pricing (EU APA) agreement with the UK, Dutch and German tax authorities.

## Cash tax paid

- Cash tax paid in the period was €36 million (2019: €142 million) net of substantial refunds upon finalisation of the EU APA.
- Urenco continues to be a substantial corporate tax payer.



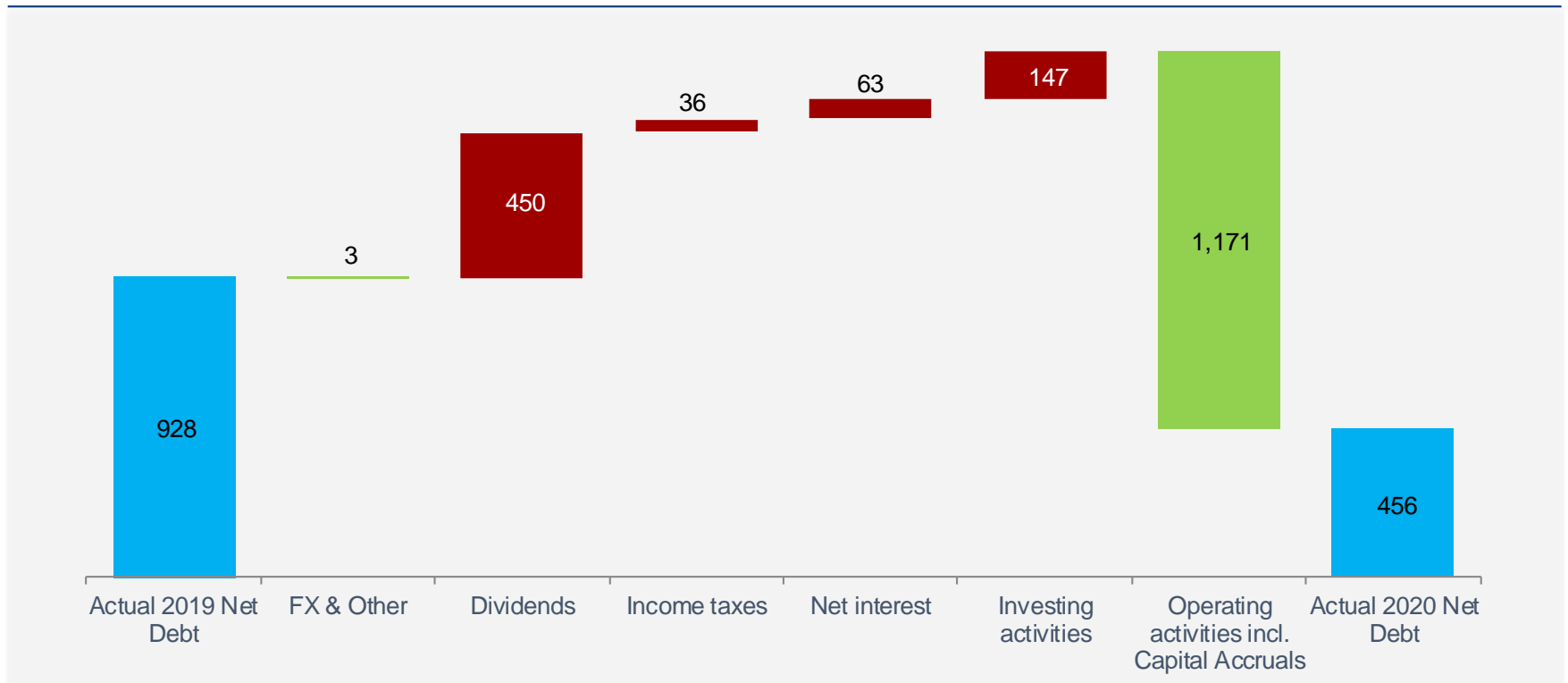
# Cash flow & Net debt

(€ million)



- Cash generated from operating activities was €77 million higher than prior year, primarily driven by favourable movements in working capital.
- Annual dividend for 2019: €300 million. Interim dividend for 2020: €150 million.
- Net debt reduced by €472 million to €456 million.

Cash Flow & Net Debt (€million)



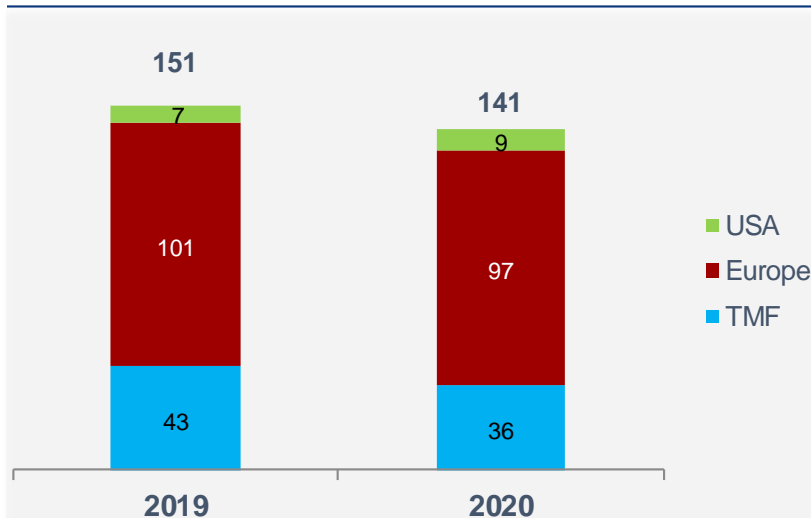
# Capital expenditure

(€ million)

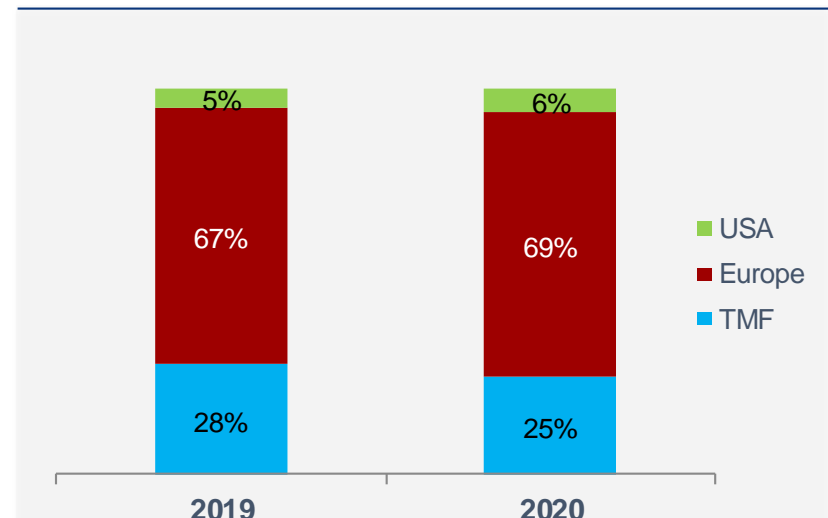


- Capital expenditure includes €135 million of cash flows on investing activities and €6 million of capital accruals (in working capital payables).
- Construction of TMF complete, active commissioning well advanced and commencement of operations planned for in the first half of 2021.
- Level of capital expenditure on enrichment assets now at a sustainable level to maintain the existing fleet in the near to mid-term.

Capital expenditure by region – € million



Capital expenditure by region – relative





# Net finance charges

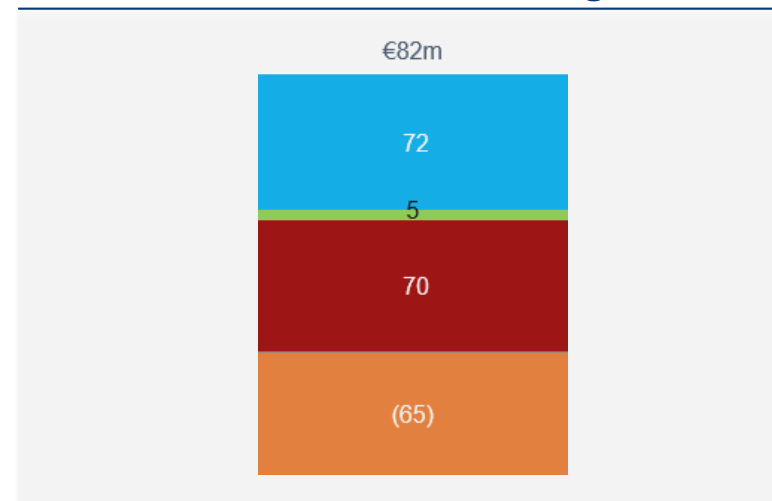
(€ million)

- Underlying net finance costs were lower reflecting the lower levels of net debt in 2020. Debt interest charges in 2020 included the costs associated with repurchase and cancellation of August 2022 Eurobonds.

**2019 Net finance charges**



**2020 Net finance charges**



■ Capitalised interest charge    
 ■ Non Cash discount unwind on pensions and provisions    
 ■ FX on financing activities and impact of cashflow hedges    
 ■ Debt interest

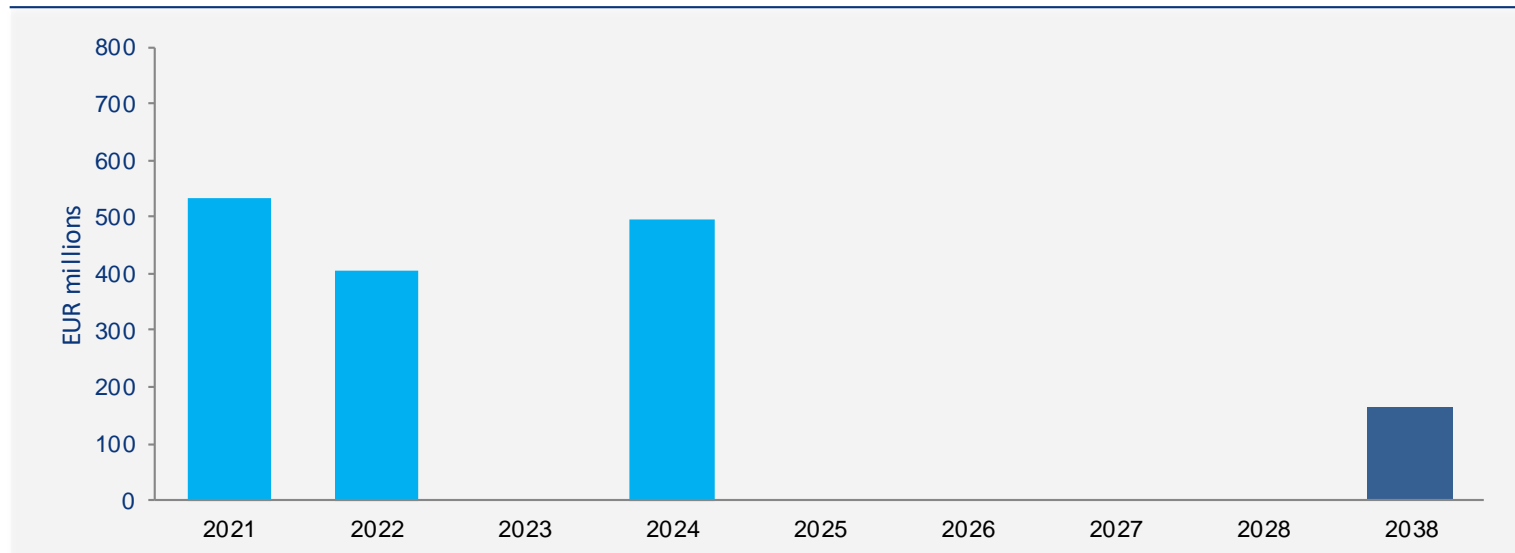
## Key credit ratios:

	2019	2020
Funds Flow from Operations / Total Adjusted Debt (FFO/TAD)	38.2%	39.3%
EBITDA / Interest cover	7.8x	7.7x

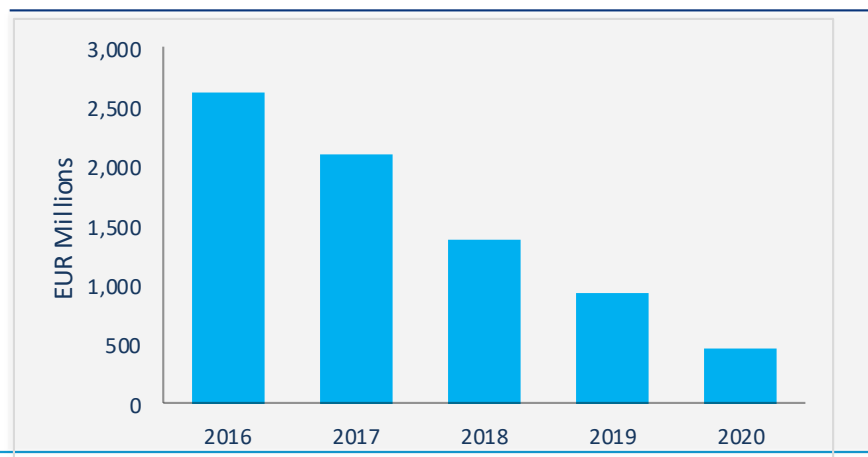
# Debt structure – 31 December 2020



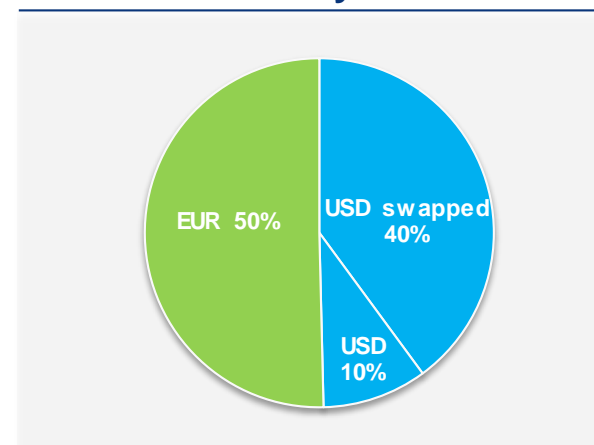
## Debt maturity profile – Net debt €0.5 billion



## Net debt € million



## Currency mix



## Liquidity

- Cash and short term investments €1,159 million at 31 December 2020.
- €750 million committed revolving credit facility (RCF) maturing 2023 undrawn at December 2020.
- Tender for 2022 Eurobonds in July 2020 – repaid €95 million.
- Eurobond repaid at maturity in February 2021 - €534 million

## Credit Rating

- Maintain strong investment-grade credit rating and healthy capital ratios in order to support long term business success
  - Moody's Baa1 (stable)
  - S&P BBB+ (stable)

## Financial Policy

- Dividend payments should not normally exceed earnings and be set to protect BBB+ / Baa1 credit rating and only higher if ratings headroom exists.

- CEO's Review
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**50**  
years

**Diversity**  
of supply

**50**  
customers in 21  
countries

**18,300**  
tSW/a

**Expertise**  
in related areas

- Urenco is working to ensure its long-term sustainability to support its customers.
- Maintaining geographically diverse production.
- Reducing costs and net debt.
- Using our core competencies and leading technology to increase our offering in related areas.

***Supporting a net zero world***

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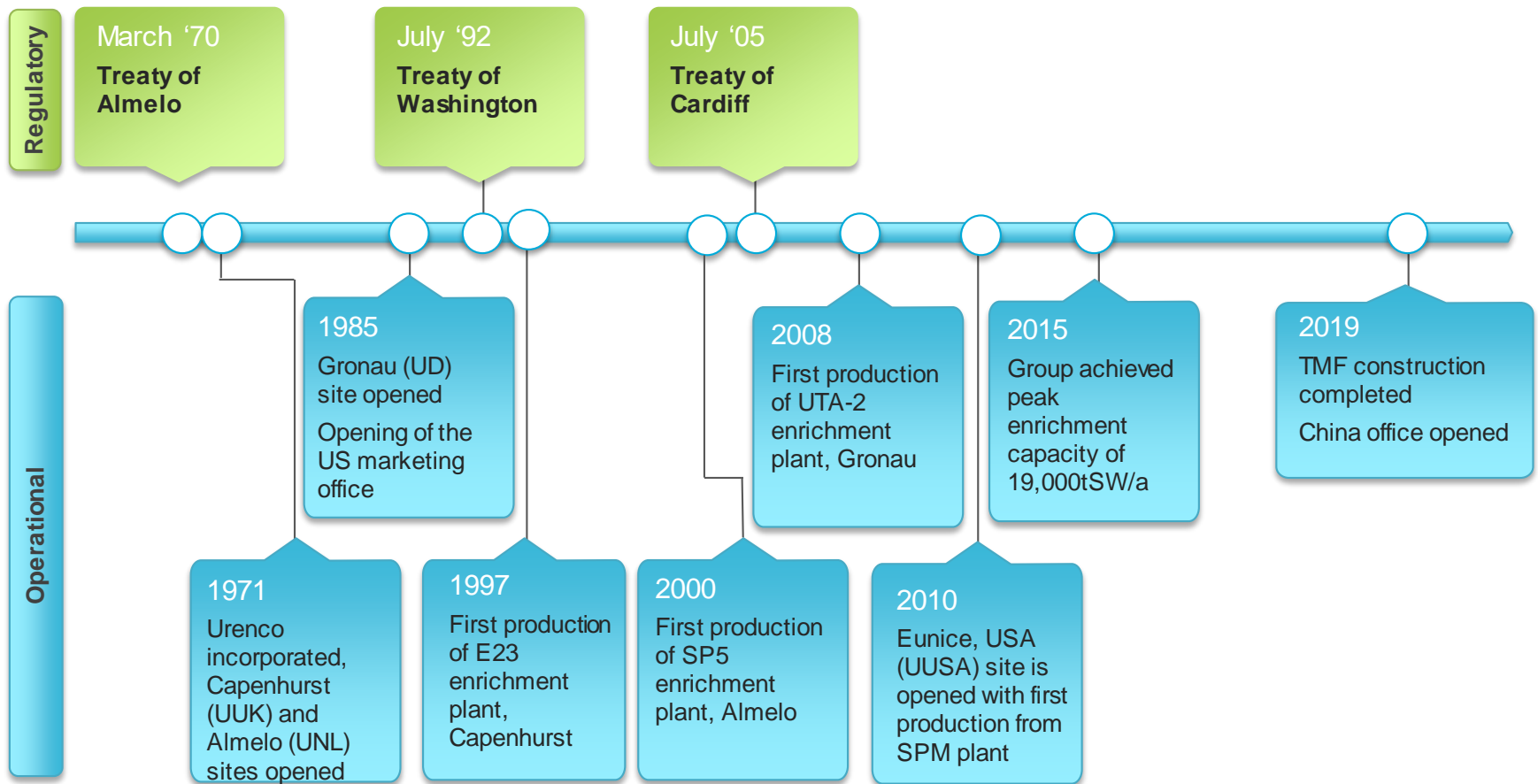
## Questions & Answers





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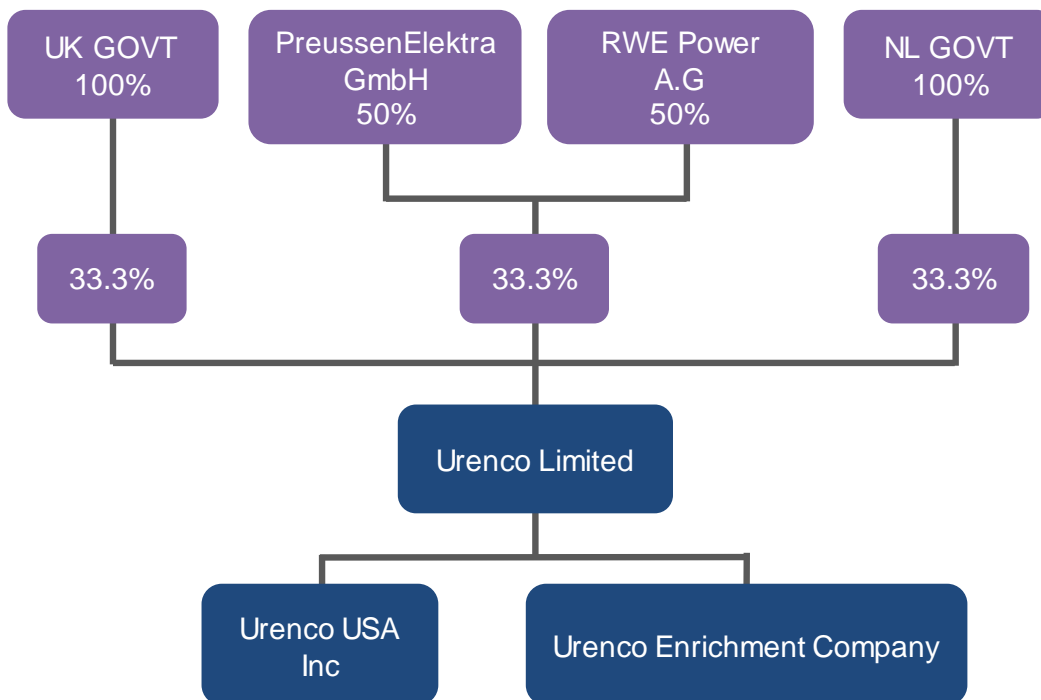


# Our centrifuge technology

- An explanation of our uranium enrichment process:  
[www.urencocom/about/tours/cascade-hall](http://www.urencocom/about/tours/cascade-hall)

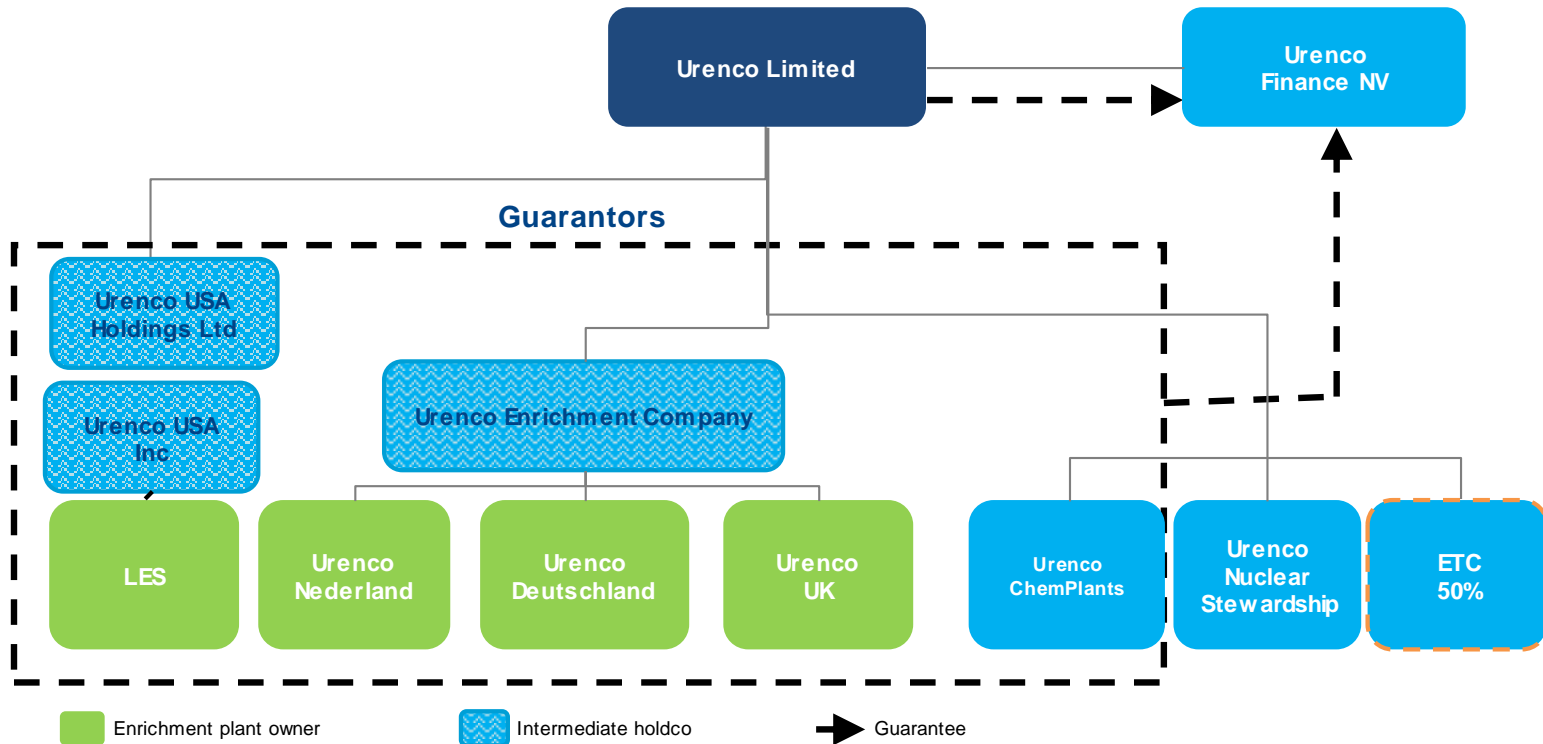


# Ownership and oversight



- Treaties of Almelo, Washington and Cardiff
- Government representatives, named the 'Joint committee' provide oversight of Urenco's security and safeguards
- Urenco's shareholders and Board are responsible for the corporate governance of the company and approving commercial decisions

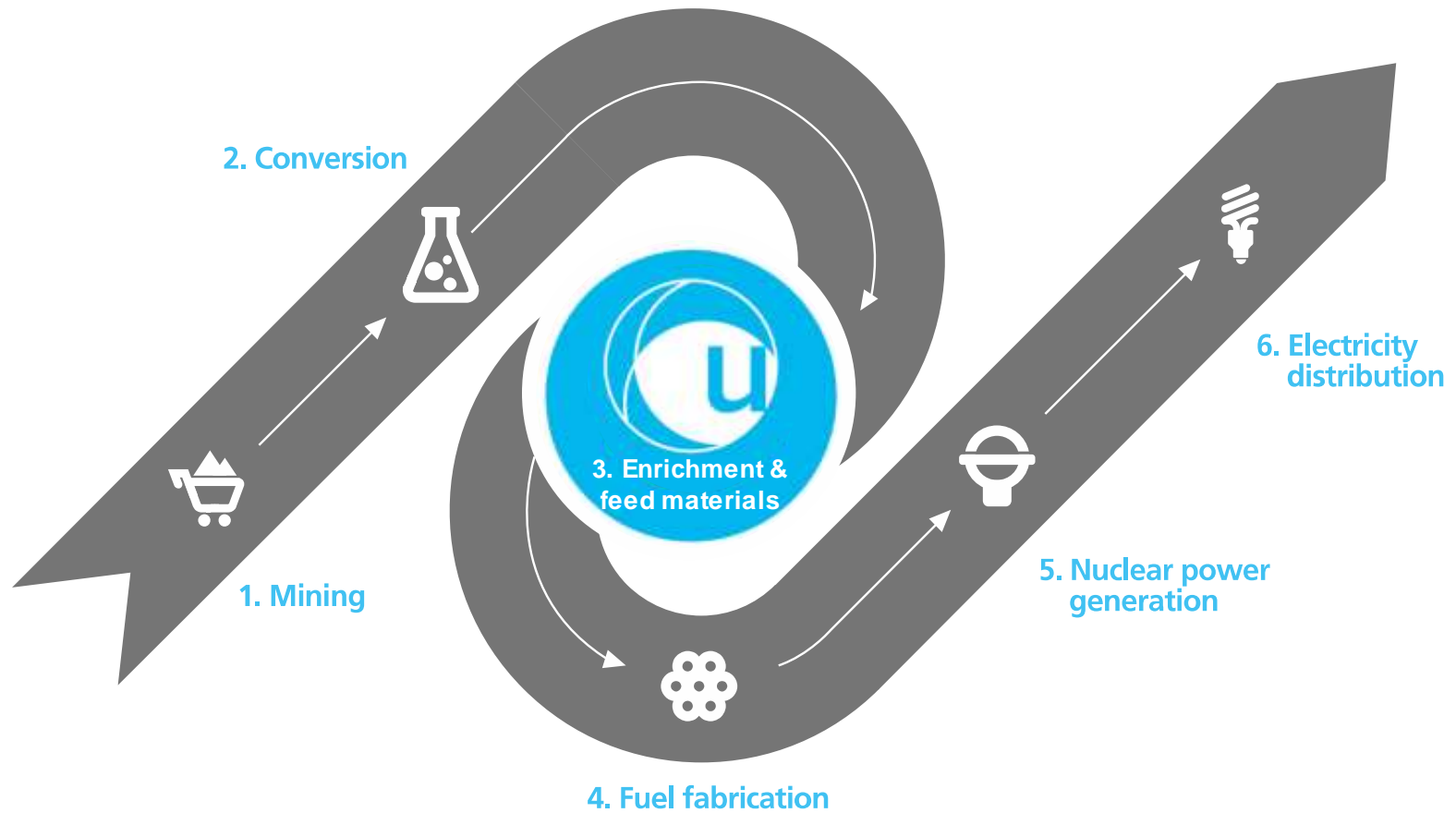
# Group structure



- All borrowing for the Group is undertaken by Urenco Limited and Urenco Finance NV
- Repayment of the EMTN programme is guaranteed by Urenco Limited and certain key subsidiaries<sup>1</sup>

**Note** Major entities only. Simplified structure. ETC is held 22% by Urenco Limited, 28% by Urenco Deutschland  
 1. Subject to the terms and conditions of the notes. Refer to the Base Prospectus for further information

# The nuclear fuel cycle



# Enrichment · Tails · Deconversion

