



Annual report and accounts **2019**





“

When I joined Ureco in May 2019, I was asked what I believed to be the key elements of a successful business. I said a healthy and collaborative company culture, with strong leadership, employee empowerment and accountability. This is what I plan to do.”

# CHIEF EXECUTIVE OFFICER'S REVIEW

Boris Schucht reflects on a productive year for Urenco, in which progress has been made in developing our strategy and culture to strengthen future performance and ensure we continue to deliver for our customers.

## What are the highlights for 2019?

Our three-year Strategy 2020 has concluded. It delivered more than the target €300 million in cumulative cash savings and efficiencies across the business, redefined our commercial strategy and we signed important new customer contracts. Our core business remains uranium enrichment. In addition we can provide uranium oxide, conversion services, natural uranium, enriched uranium product and inventory storage and management. This year we also opened a representative office in Beijing, China with the plan to grow our business in this market.

Our innovation included completing the construction of our Tails Management Facility in June, a billion euro investment in deconverting the by-product of our enrichment services for long-term storage pending reuse or re-enrichment. It is now in active commissioning. This facility demonstrates our commitment to sustainability and is an important milestone in showing our expertise in responsible nuclear stewardship.

We progressed plans to develop future fuels for peaceful purposes, following customer demand to enable power station reactors to operate more efficiently.



For our employees, we held our first Celebrating U event in Austria – a new recognition programme to encourage the retention of future leaders with Urenco (page 12). The development and wellbeing of employees has been a particular focus all year, with a number of health and fitness initiatives being run at each site and training delivered on mental health first aid and diversity and inclusion.

# 50

YEARS

Above: **Tails Management Facility**  
Capenhurst, UK



**We are transitioning our strategy and culture to suit the new market dynamics and keep our financial performance robust.”**

**How is Urenco looking financially?**

Revenue was down compared to 2018 but EBITDA remained in line, while Net Income was impacted by exceptional items. Overall, however, we have achieved another year of robust financial performance. Revenue, EBITDA and Net Income pre-exceptional items all remained strong and in line with our expectations, driven by the current order book and our strong operational performance.

In 2019 our earnings were impacted by two exceptional items. First, we recorded a non-cash impairment charge against our USA operations due to long-term SWU prices being forecasted at a lower level than previously projected. Secondly, there has also been an increase in the valuation of the long-term nuclear liabilities of our European businesses as a result of changes to the discount rates applied to them, stemming from a reduction in real interest rates. These exceptional charges have resulted in a significantly lower net income of €8 million.

We have maintained robust cash generation and continued to reduce our net financial debt, now at its lowest level since its peak in 2015. We have a strong balance sheet and our credit ratings remain healthy.

Our contract order book extends to the first half of the 2030s with an approximate value of €10.6 billion and Urenco remains well positioned to serve our customers by supplying existing reactors and new build programmes globally.

**How did Urenco's operations perform?**

Safety remains our core value and the key priority across our organisation. This year there were two Lost Time Incidents (LTIs) and seven Medical Treatment Injuries (MTIs), resulting in a Total Recordable Incident Rate (TRIR) of 0.39. This is a disappointing increase on last year, but it gives us the opportunity to further improve our safety through safety days, increased training and safety stand downs. Urenco measures its safety culture on the DuPont Bradley Curve, a proven proprietary system, to help organisations comprehend and benchmark their journey to world-class safety performance. Urenco is working to achieve 'interdependent' status at which employees feel enhanced ownership of and responsibility for the safety culture. A safety highlight this year was the number of safe working hours at our new Tails Management Facility (TMF). This was in excess of seven million working hours – a figure our UK employees are very proud of.

Operationally, it was a very strong year for Urenco's sites. In 2019 we delivered a record volume of separative work units (SWU – enrichment output). All site key performance indicators were met and the robustness of our plants was proved through regular tests throughout the year. Site improvement plans included cascade refurbishments, installation of solar panels and cross-site collaboration projects.

**What about the risks facing Urenco?**

Although nuclear power continues to grow globally, there remains a 'question mark' about its competitiveness in Urenco's traditional markets, which will impact the future level of demand for enrichment services.

Considering the recent global commitments to develop net zero carbon economies and the drive to reduce reliance on fossil fuels, it is essential for nuclear to retain a strong position within the energy mix.

In my opinion, nuclear undersells the contribution it can make – the technology and processes used in generating energy are carbon free, and nuclear energy across the whole lifecycle is as low carbon as using renewable sources. We need to focus on collaborating with our nuclear partners to pool our resources and knowledge and ensure the industry's cost effectiveness, efficiency and continued high levels of safety.

The other key risk for Urenco is the perception of nuclear power in certain countries in which we operate or do business. We continue to monitor closely and evaluate the political uncertainties that could impact us through regular engagement with our global stakeholders (pages 22 and 23) and are confident of continuing to meet our customers' needs.



### What are the priorities for 2020?

When I joined Urenco in May 2019, I was asked what I believed to be the key elements of a successful business. I said a healthy and collaborative company culture, with strong leadership, employee empowerment and accountability. This is what I plan to do. I firmly believe this is true because culture is intrinsically linked with performance – something we are striving towards.

In the coming year we have the opportunity to build on the positive results of Strategy 2020, while learning from some of the challenges. This will ensure that we remain successful in a changing market. Our culture will support this by defining the behaviours needed to drive performance and achieve our goals.

We are transitioning our strategy and culture to suit the new market dynamics and keep our financial performance robust. This work is being undertaken through two intrinsically linked projects – ‘Our Strategy’ and ‘Our Culture’ – which will be run in tandem under a new ‘Our Future’ programme (page 12).

There will be some major milestones in the year ahead. In March we will reach the 50th anniversary of Urenco’s founding treaty – The Treaty of Almelo (page 9). We will be marking this through celebrations with employees and external stakeholders, reflecting on the importance of our treaty commitments, successes to date and future innovations, and looking to the next 50 years and remaining a trusted leader in providing sustainable energy.



In autumn 2020 we will complete the expansion of our Stable Isotopes facility, in the Netherlands. We have made this investment to meet the rapidly growing demand for enriched and depleted isotopes of elements for medical, industrial and research applications. Stable isotopes is an area of huge social value, providing improvements to everyday lives across the world – from medical diagnostics, therapy and pain relief to supporting the development of quantum computers.

My thanks go to our employees for the hard work and dedication they continue to show Urenco. I wish everybody a safe and successful 2020.

**Boris Schucht**

Chief Executive Officer

**Utility Area, UUSA**  
Eunice, New Mexico, USA