

news release

Date: 5 August 2022

Urenco Group – Half Year 2022 Unaudited Financial Results

London – 5 August 2022 – Urenco Group (“Urenco” or “the Group”), an international supplier of uranium enrichment services and nuclear fuel cycle products, today announces its results for the half year ended 30 June 2022.

Summary

- Revenue at €615.4 million, EBITDA at €280.0 million and net income at €90.1 million.
- Cash generated from operating activities strengthened to €492.3 million, resulting in net cash at 30 June of €187.9 million (31 December 2021: net debt of €11.5 million).
- Successfully issued €500.0 million of new Eurobonds in June 2022.
- Order Book up by 30% since the start of the year to €11.3 billion, supported by both significant new contract wins in the period and higher forecast deliveries under existing contracts.

Financial Highlights

	Six months to 30 June 2022 (unaudited) €m	Six months to 30 June 2021 (unaudited) €m
Revenue	615.4	565.0
EBITDA⁽ⁱ⁾	280.0	322.9
EBITDA margin - %	45.5%	57.2%
Income from operating activities	151.4	209.9
Net income	90.1	84.8
Capital expenditure	58.9	58.6
Cash generated from operating activities	492.3	229.1

(i) EBITDA is defined as earnings before exceptional items, interest (including other finance costs), taxation, depreciation and amortisation and results of joint venture and other investments. Depreciation and amortisation are adjusted to remove elements of such charges included in changes to inventories and SWU assets and net costs of nuclear provisions.

Boris Schucht, Chief Executive of Urenco Group, commenting on the half year results, said:

“Urenco’s half year results for 2022 demonstrate our performance and durability.

We have benefitted from the steady relaxation of COVID-19 restrictions worldwide. Sadly, we have seen the emergence of another crisis with the conflict in Ukraine. As a company, we have been deeply concerned with the developments in the country, the home of one of our customers, and our thoughts and solidarity are with all the people who are suffering there. At the outset of the conflict, we terminated our contract with a Russian counterparty. We remain in contact with our customer in Ukraine and continue to offer our support.

Urenco’s finances remain healthy. Revenue of €615.4 million is up on H1 2021 (€565.0 million) due primarily to increased SWU deliveries albeit at lower average unit prices. EBITDA of €280.0 million is down on H1 2021 (€322.9 million) due to increased cost of goods sold and higher operating costs. Net income of €90.1 million is higher than H1 2021 (€84.8 million), positively impacted by lower tax charges, predominantly as a result of H1 2021 including a one-off non-cash revaluation of net UK deferred tax liabilities. We retain a strong balance sheet, with net cash increasing to €187.9 million at the end of June 2022, up €199.4 million from 31 December 2021 (net debt €11.5 million).

In light of recent tragic and unprecedented global developments and the impact they have had on the market, we are responding by adjusting our strategy. We are planning ahead for future nuclear energy security needs and to support our customers. A large part of this adjustment is addressing our future capacity, and we are assessing where we can add new plants and hire and train new people so we can increase production of enriched uranium. Our progress on advanced fuels also continues apace.

Sustainability goes hand in hand with Urenco’s future, and more widely nuclear energy’s future. We will remain very active in this regard, striving to supply our products completely carbon free in advance of 2040 and helping to maximise nuclear energy’s contribution to achieving a net zero, energy secure world.”

Outlook and Order Book

Playing a fundamental role in the nuclear fuel cycle, and committing ourselves to ambitious climate targets in the clean-energy transition, Urenco is contributing to fuelling a sustainable, net zero world. Our core business of delivering enrichment services for nuclear fuel remains key, enabling our customers to supply carbon-free energy globally. Complementing this, we are advancing innovative and reliable nuclear solutions for the future.

SWU spot prices are increasing. From their low point of \$34/SWU in August 2018, they have subsequently shown a rising trend with a steep increase in March 2022 and are now at \$87/SWU in June 2022.

We are signing new contracts to maintain our customer base and continuing to raise our profile in new markets. We have security through the long-term visibility of our Order Book. Extending to the 2030s, our order book value as of 30 June 2022 is €11.3 billion, based on €/€ of 1 : 1.05 (31 December 2021: €8.7 billion based on €/€ of 1 : 1.14).

In other areas of our business, we are ramping up operations at our Tails Management Facility, and at our new stable and medical isotopes cascades to meet increased demand.

We continue to monitor the various political uncertainties that could impact us. In relation to Ukraine, we are focused on supporting our customer in the region, as well as ensuring we can meet increasing requests from our other customers and the nuclear industry. We are encouraged by the actions of several countries to actively support nuclear. For example, the introduction to the UK Parliament of the Energy Security Strategy with the objective of up to 25% of the UK's electricity demand being met by nuclear by 2050, up from circa 16% currently. In addition, the European Parliament's decision to support the Taxonomy Complementary Climate Delegated Act (CDA), covering certain gas and nuclear activities, now puts the European nuclear industry on an equal footing with other parts of the world and will encourage investment.

Further, the changing macroeconomic environment forecast as a result of events observed in H1 2022 is likely to result in a number of significant updates to our long term business model and strategy. This could result in a material update to several of the Group's key judgements and estimates, for example relating to the measurement of future cost estimates for provisions, with the impact being reflected in the Group's financial statements for the year ending 31 December 2022.

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The Half Year 2022 Unaudited Financial Results are available on the Urenco website.

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About Urenco Group

Urenco is an international supplier of enrichment services and fuel cycle products with sustainability at the core of its business. Operating in a pivotal area of the nuclear fuel supply chain for 50 years, Urenco facilitates zero carbon electricity generation for consumers around the world.

With its head office near London, UK, Urenco's global presence ensures diversity and security of supply for customers through enrichment facilities in Germany, the Netherlands, the UK and the USA. Using centrifuge technology designed and developed by Urenco, and through the expertise of our people, the Urenco Group provides safe, cost effective and reliable services, operating within a framework of high environmental, social and governance standards, complementing international safeguards.

Urenco is committed to continued investment in the responsible management of nuclear materials; innovation activities with clear sustainability benefits, such as nuclear medicine, industrial efficiency and research; and nurturing the next generation of scientists and engineers.

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Disclaimer

This press release is not intended to be read as the Group's statutory accounts as defined in section 435 of the Companies Act 2006. Information contained in this release is based on the 2021 Consolidated Financial Statements of the Urenco Group, which were authorised for issue by the Board of Directors on 9 March 2022. The auditor's report on the 2021 Consolidated Financial Statements of the Group was unqualified and did not contain a statement under section 498 of the Companies Act 2006. The Group's 2021 statutory accounts have been delivered to the registrar of companies.

This release and the information contained within it does not constitute an offering of securities or otherwise constitute an invitation or inducement to underwrite, subscribe for or otherwise acquire securities in any company within the Urenco Group.

Any forward-looking statements contained within this release are inherently subject to risks and uncertainties. Actual results may differ materially from those expressed or implied by such forward-looking statements and, accordingly, any person reviewing this release should not rely on such forward-looking statements.