



March 2020

# 2019 Annual Results Presentation

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

These materials have been prepared by Urenco Limited (“Urenco”). Any person or entity considering making any investment based upon information contained in these materials should ensure that they are properly, independently and professionally advised. These materials were designed for use by specific persons familiar with the business and affairs of Urenco and its subsidiaries and should be considered only in connection with other information, oral or written, provided by Urenco (or any subsidiary) herewith. These materials are not intended to provide the sole basis for evaluating, and should not be considered as a recommendation with respect to, any transaction or other matter.

The information in these materials, which does not purport to be comprehensive, has been provided by Urenco and has not been independently verified. While this information has been prepared in good faith, no representation or warranty, express or implied, is or will be made and no responsibility or liability is or will be accepted by Urenco or any of the Urenco’s subsidiaries or by any of their respective officers, employees or agents in relation to the accuracy or completeness of these materials or any other written or oral information made available to any interested party or its advisers and any such liability is expressly disclaimed.

Certain statements contained in these materials, including any descriptions or statements regarding the possible future results of operations, any statement preceded by, followed by or which includes the words “believes”, “expects”, “intends”, “will”, “may”, “anticipates”, or similar expressions, and other statements that are not historical facts, are or may constitute “forward looking statements”. Because such statements are inherently subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include but are not limited to (a) risks and uncertainties relating to the nuclear industry, consumer demand, political and economic conditions and government regulation and (b) such other risks and uncertainties as are detailed herein. All written and oral forward-looking statements attributable to Urenco are expressly qualified in their entirety by the cautionary statements set forth in this paragraph, and accordingly any person or entity reviewing these materials should not rely on such forward-looking statements.

Urenco gives no undertaking to provide recipients of these materials with access to any additional information or to update these materials or any additional information, or to correct any inaccuracies in it which may become apparent.

# 50th anniversary



50<sup>th</sup> anniversary of Urenco and The Treaty of Almelo.

# Today's speakers



**Boris Schucht**

*Chief Executive Officer*

- Appointed May 2019.
- Joined from 50Hertz, the North-East German Transmission System Operators, where he was CEO for nine years.
- 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.

---

- CEO's Review

- 2019 Annual Results

- Summary

- Q&A

# 2019 operational achievements



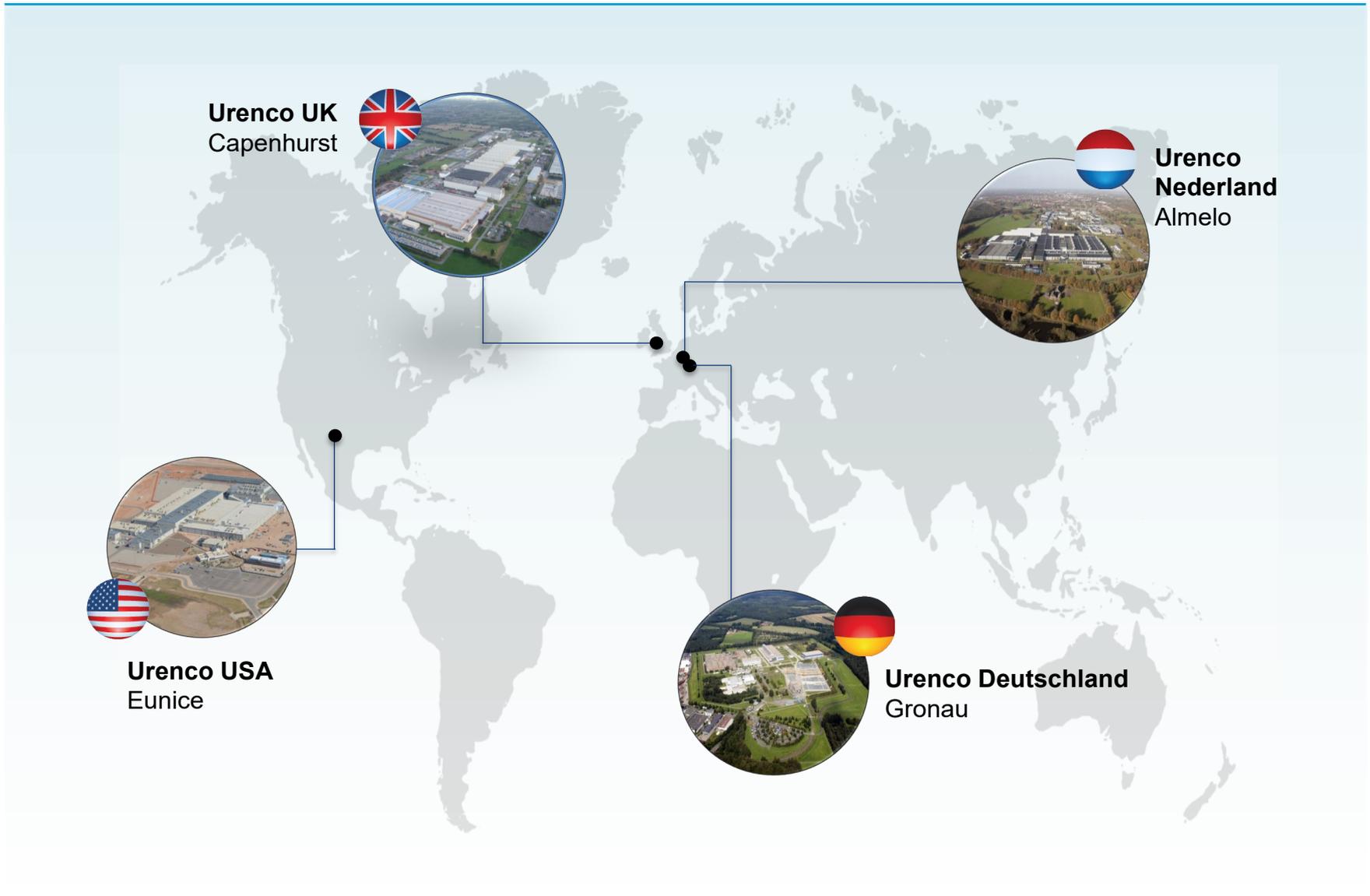
- Record volume of enrichment services provided.
- EBITDA at €1,220 million, up on 2018.
- Following fundamental review of forecasted future market conditions, impairment recorded against US assets.
- Tails Management Facility construction completed, now in active commissioning.
- New representative office in Beijing to support Asian expansion.
- Company preparations completed in advance of the UK's full withdrawal from the European Union and Euratom treaty.
- Refreshed Urenco strategy and new strategic planning process launched.

# 2019 sustainability record



- Continued strong nuclear safety performance.
- 100% customer delivery record maintained.
- Stable and robust ESG rating.
- Reduction in CO<sub>2</sub> emissions and water usage.
- More than 80,000 students participated in our Richie science education programme globally.

# Our plants



# Our technology development



**ETC Manufacturing**  
Jülich

**ETC Manufacturing**  
Almelo

# Our sales and marketing offices and Head Office

**Urenco Inc.**  
Arlington



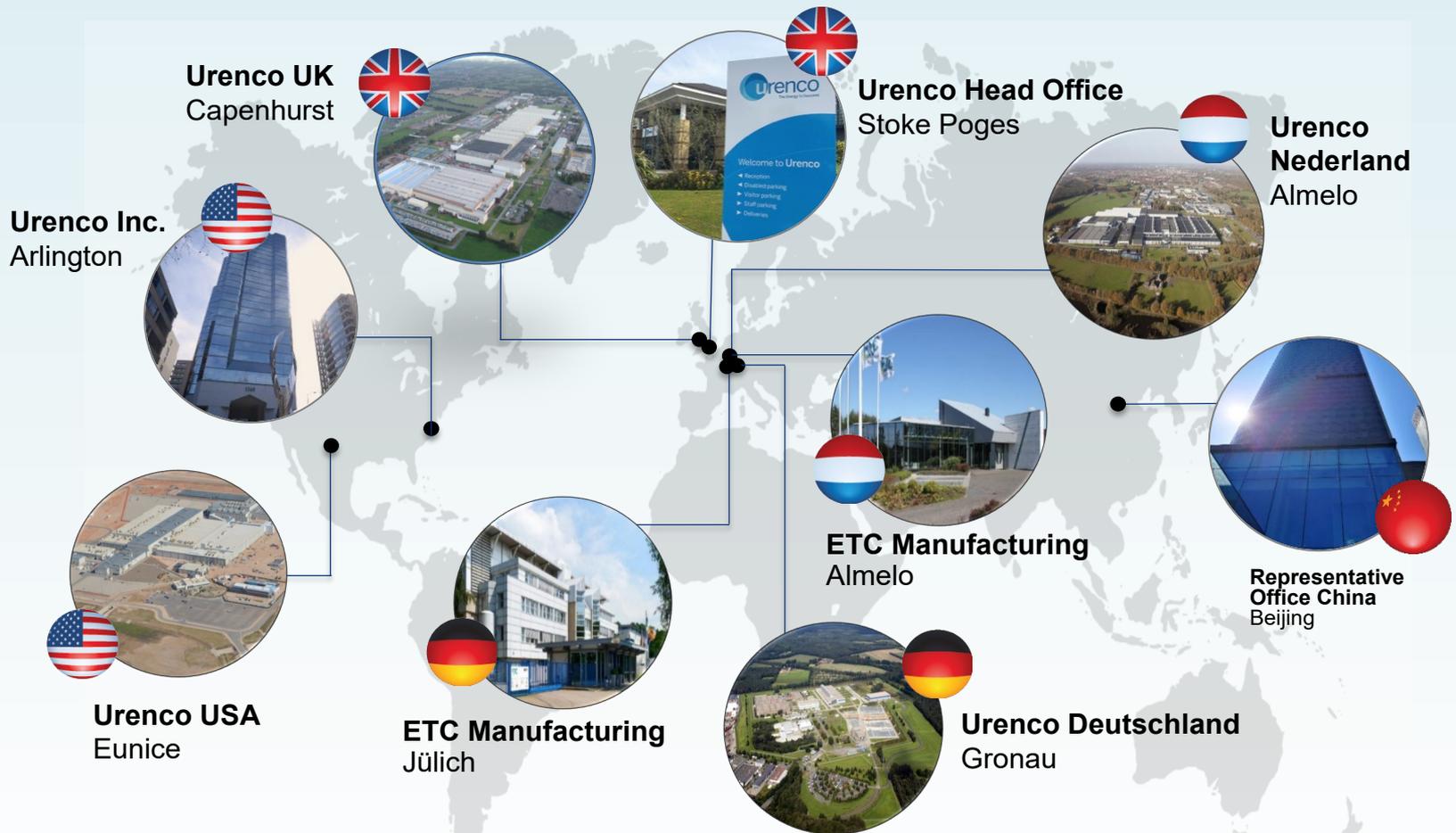
**Urenco Head Office**  
Stoke Poges



**Representative  
Office China**  
Beijing



# Our global reach



# Enrichment capacity



**Almelo**  
**The Netherlands**  
5.2 million SWU/a



**Eunice**  
**New Mexico, USA**  
4.8 million SWU/a



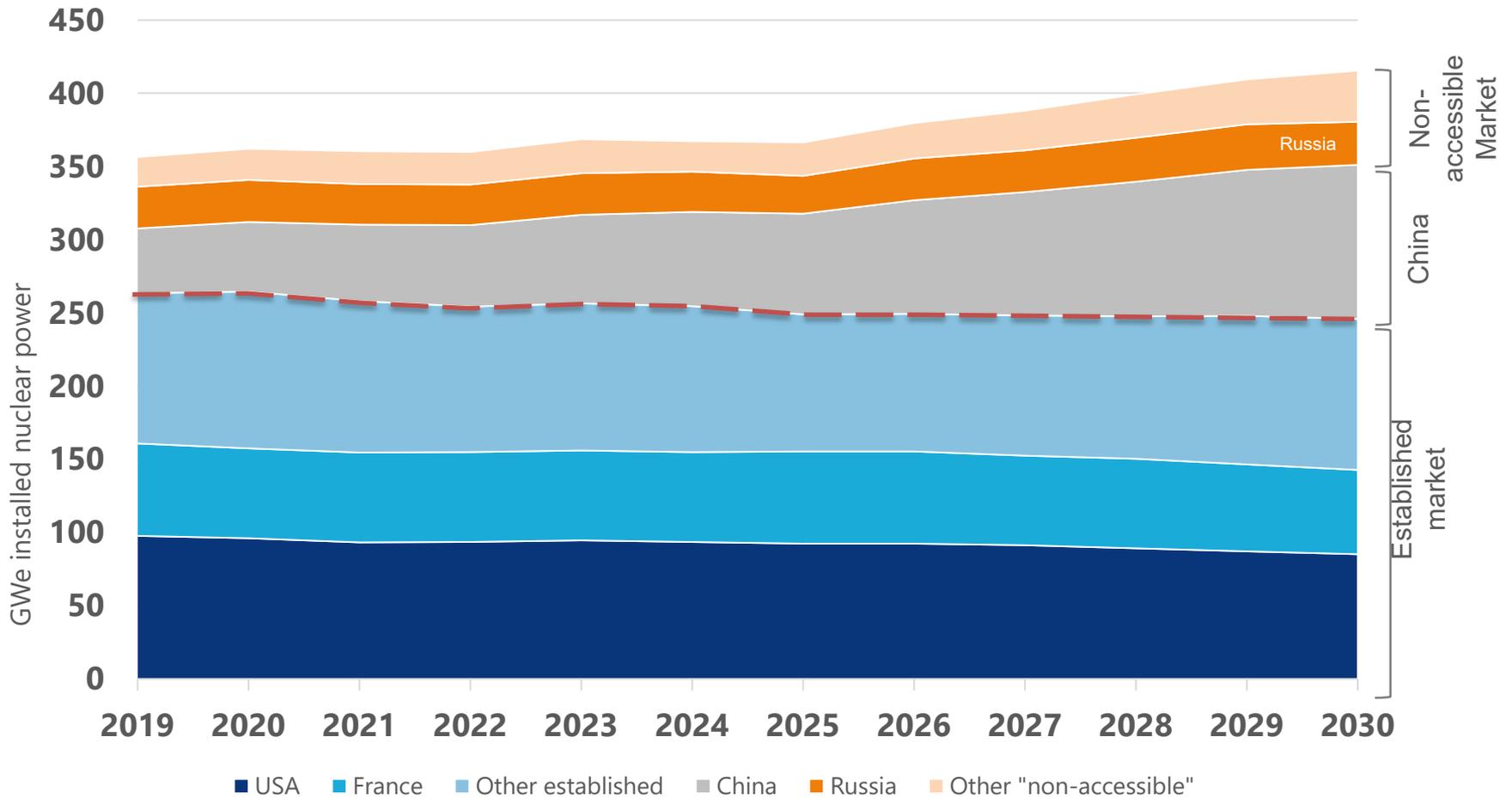
**Capenhurst**  
**UK**  
4.6 million SWU/a



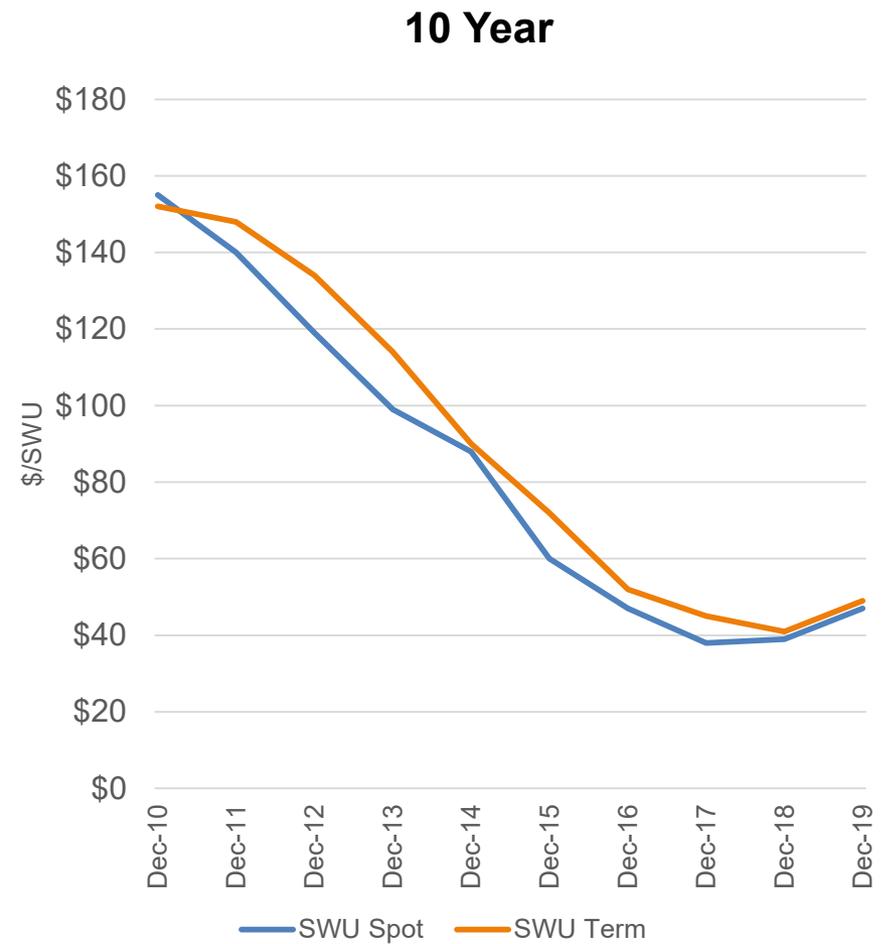
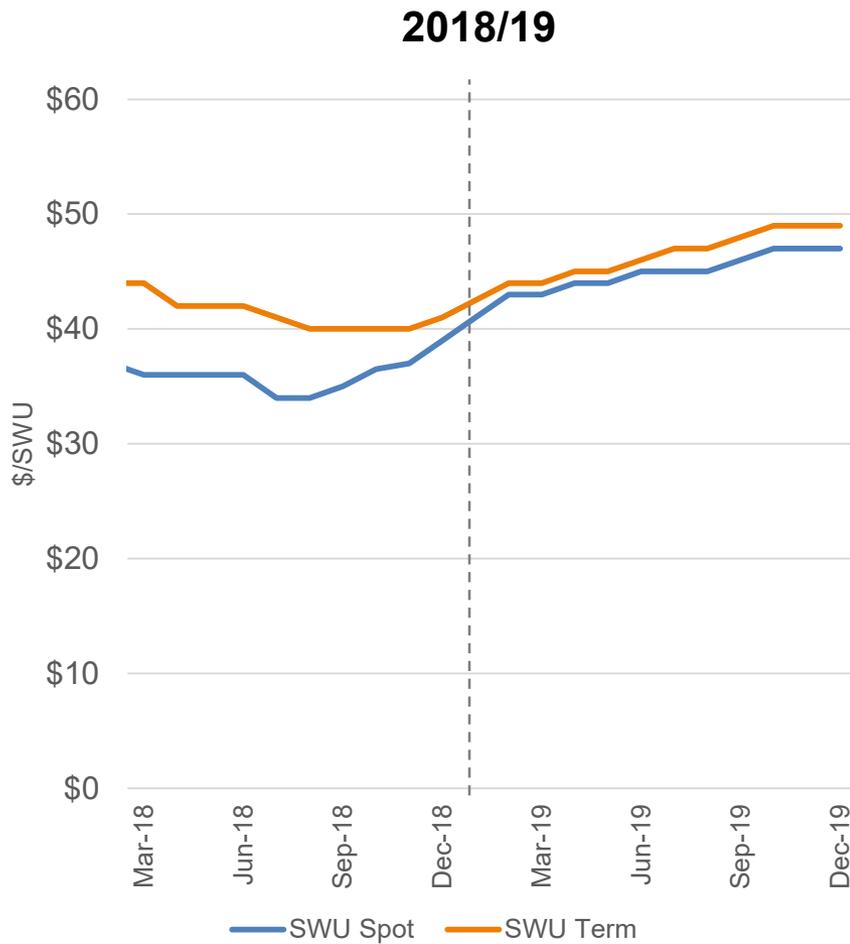
**Gronau**  
**Germany**  
3.9 million SWU/a

- Group capacity: 18.5 million SWU/a.
- Only company in the world to operate enrichment facilities in four countries.
- Highly efficient and versatile leading centrifuge technology.

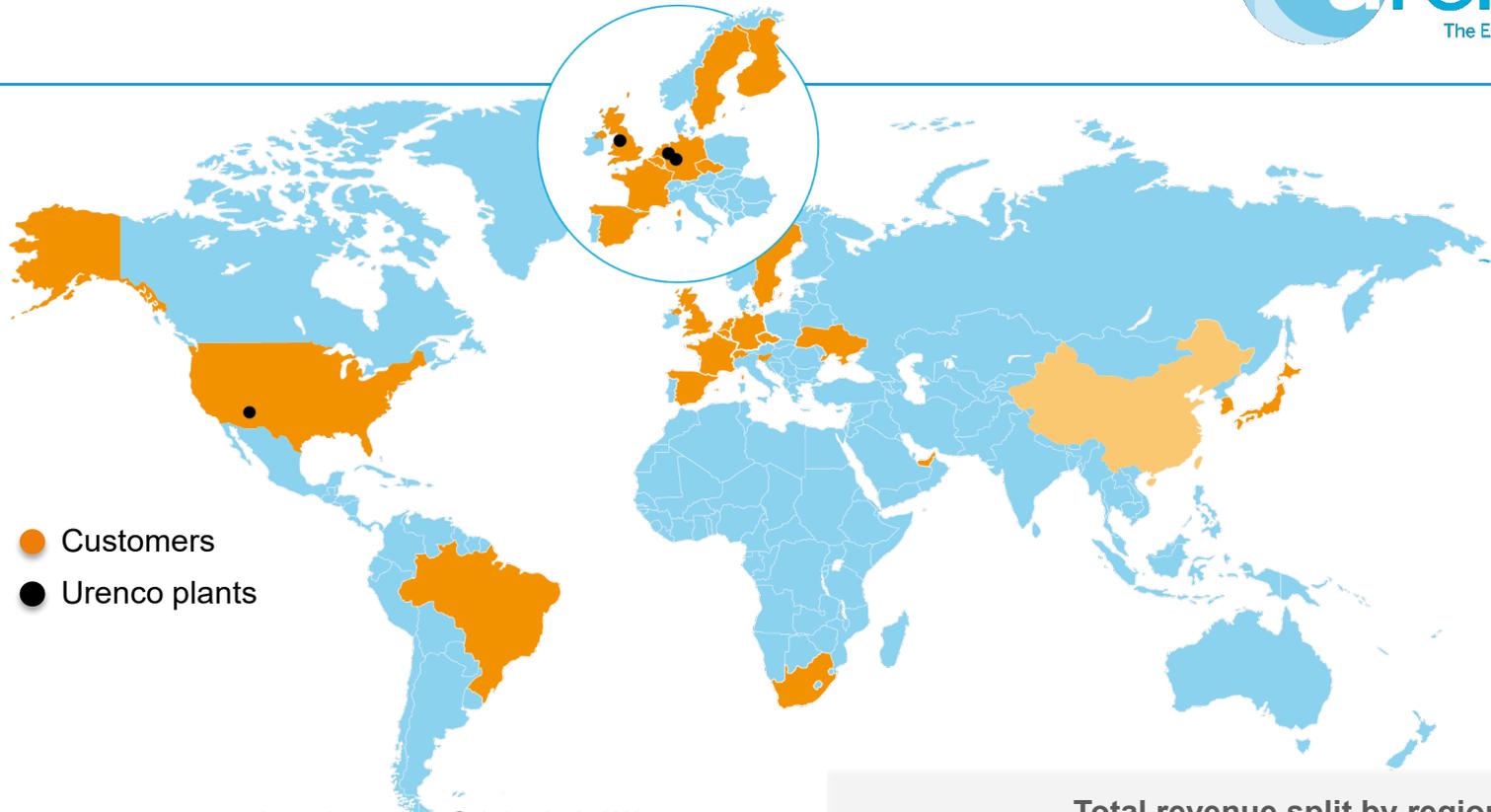
# Urenco's nuclear industry outlook



# SWU market price development

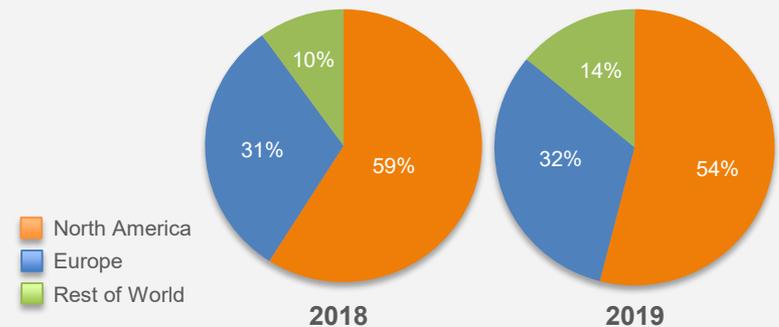


38% SWU price recovery in 2018/9, from lowest point in August 2018.



- Long term order book €10.6 billion.
- Core business remains uranium enrichment.
- Long term agreement for a vessel to provide regular transatlantic shipments of uranic materials.

Total revenue split by region



## Tails Management Facility (TMF)

- Construction completed in June 2019.
- Active commissioning continuing.



## Urenco Nuclear Stewardship

- Focused on responsibly managing nuclear materials and decommissioning.



***Demonstrating our commitment to sustainability and our growing expertise in responsible nuclear stewardship.***



## Growth of Urenco Stable Isotopes

- Expanding our facility in the Netherlands to meet growing product demand.

## Next generation fuels

- Developing the provision of LEU+ (low enriched uranium +) for existing light water reactors.
- Committed to providing new fuels for peaceful purposes, including fuel for advanced reactors and small modular reactor designs, such as U-Battery.

## Enrichment Technology Group

- Ensuring our centrifuges remain highly efficient and applying knowledge of advanced materials to other products.



## Brexit

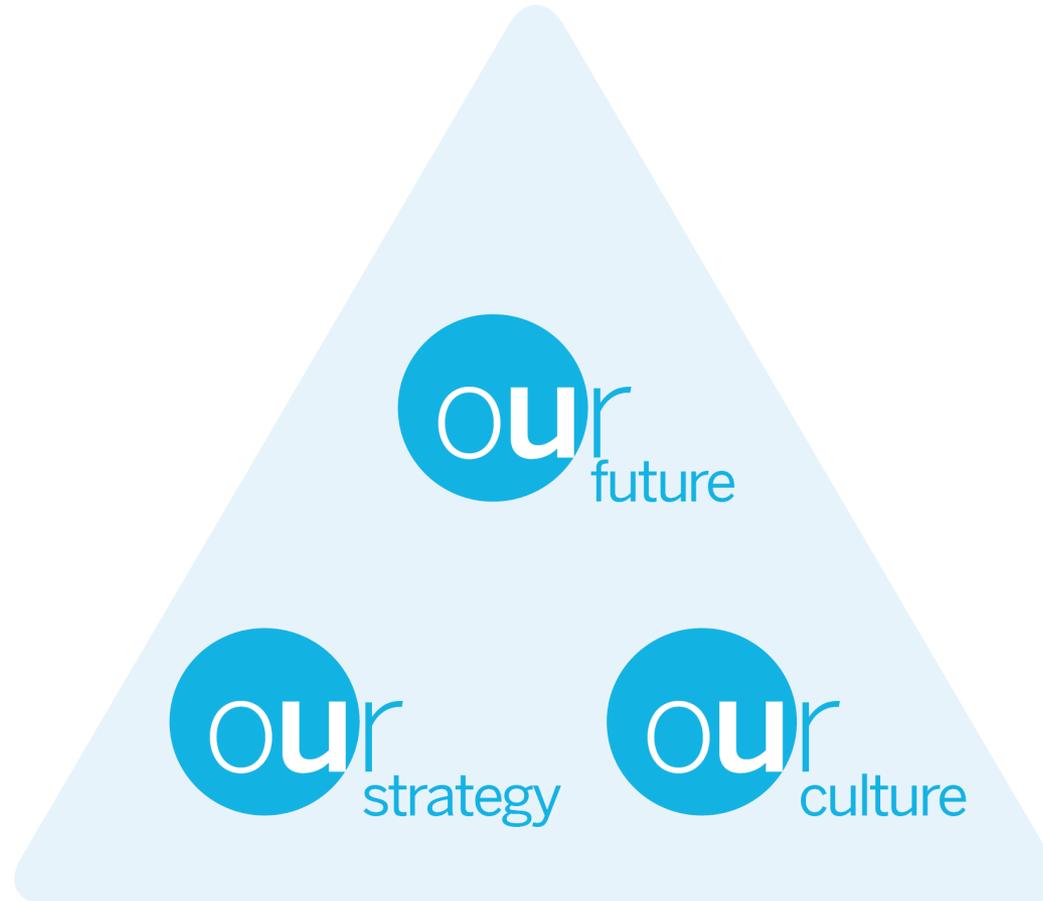
- Mitigations are in place, specifically for our UK site in case of short term transport disruptions, and include:
  - Our products are in the right locations and we have built up our stock of critical items.
  - Export licences in place.
- The UK Parliament has approved the ratification of all the new Nuclear Cooperation Agreements .
- Nuclear Safeguards Act 2018 and underpinning nuclear safeguards regulations implemented; ONR funded as new safeguards regulator.

## USA

- No impact from US Department of Commerce investigation into uranium imports.



- Exceeded the target €300 million in cumulative cash savings and efficiencies across the business.
- Redefined commercial strategy, extended customer order book, expansion into the Asian market.
- Development of new business opportunities in nuclear stewardship, next generation fuels and stable isotopes.



Evolving our strategy and culture to maintain strong performance –  
‘Our Future Programme’.



- Refreshing our strategy to address geopolitical and market challenges.
- Completion of TMF active commissioning.
- Completing the expansion of our Stable Isotopes capacity.
- Continuing to prepare for a no-deal hard Brexit.
- Preparing for the renewal/expiry in 2020 of US restriction on Russian enrichment supply; and US decision on whether to sanction Russia in relation to Iran's nuclear programme.

- CEO's Review

- 2019 Annual Results

- Summary

- Q&A

# Financial summary 2019 vs. 2018

(€ million)



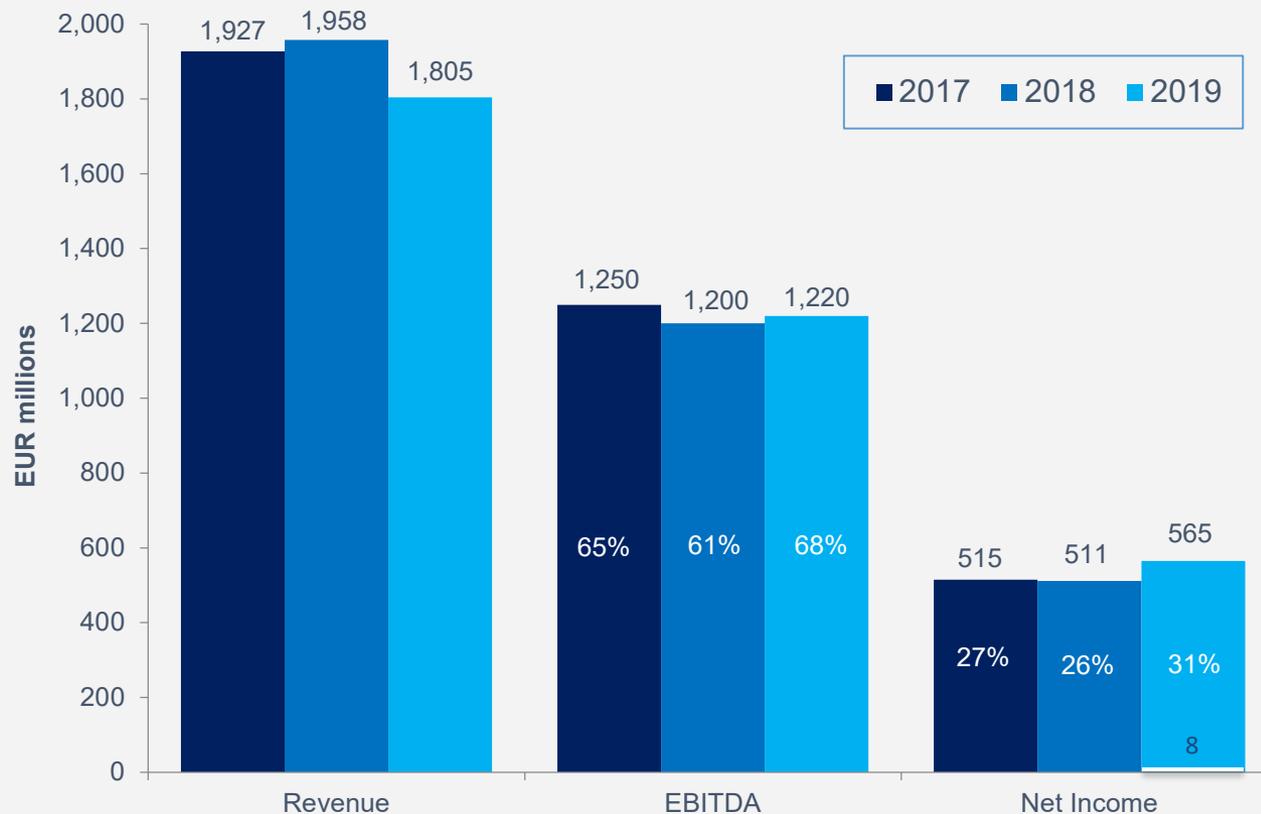
Year ended 31 December	2019	2018
Revenue	1,805	1,958
EBITDA <sup>1, 2</sup>	1,220	1,200
EBITDA margin %	67.6%	61.3%
Income from operating activities – pre exceptional items	850	827
Exceptional items <sup>2</sup>	(643)	-
Net Income – pre exceptional items	565	511
Net income margin – pre exceptional items	31%	26%
Net income – post exceptional items	8	n/a
Capital expenditure <sup>3</sup>	151	183
Cash generated from operating activities	1,094	1,401
Net debt	928	1,371

#### Note

1. EBITDA excludes exceptional items
2. Exceptional items comprise US operations impairment charge and increase in the value of nuclear provisions following a revision to discount rates
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 2017 – 2019

(€ million)



\*2019 Net Income of €565 million is shown before exceptional items of €557 million (post-tax). After exceptional items, Net Income was €8 million. There were no exceptional items in 2017 and 2018.

# Revenue

(€ million)

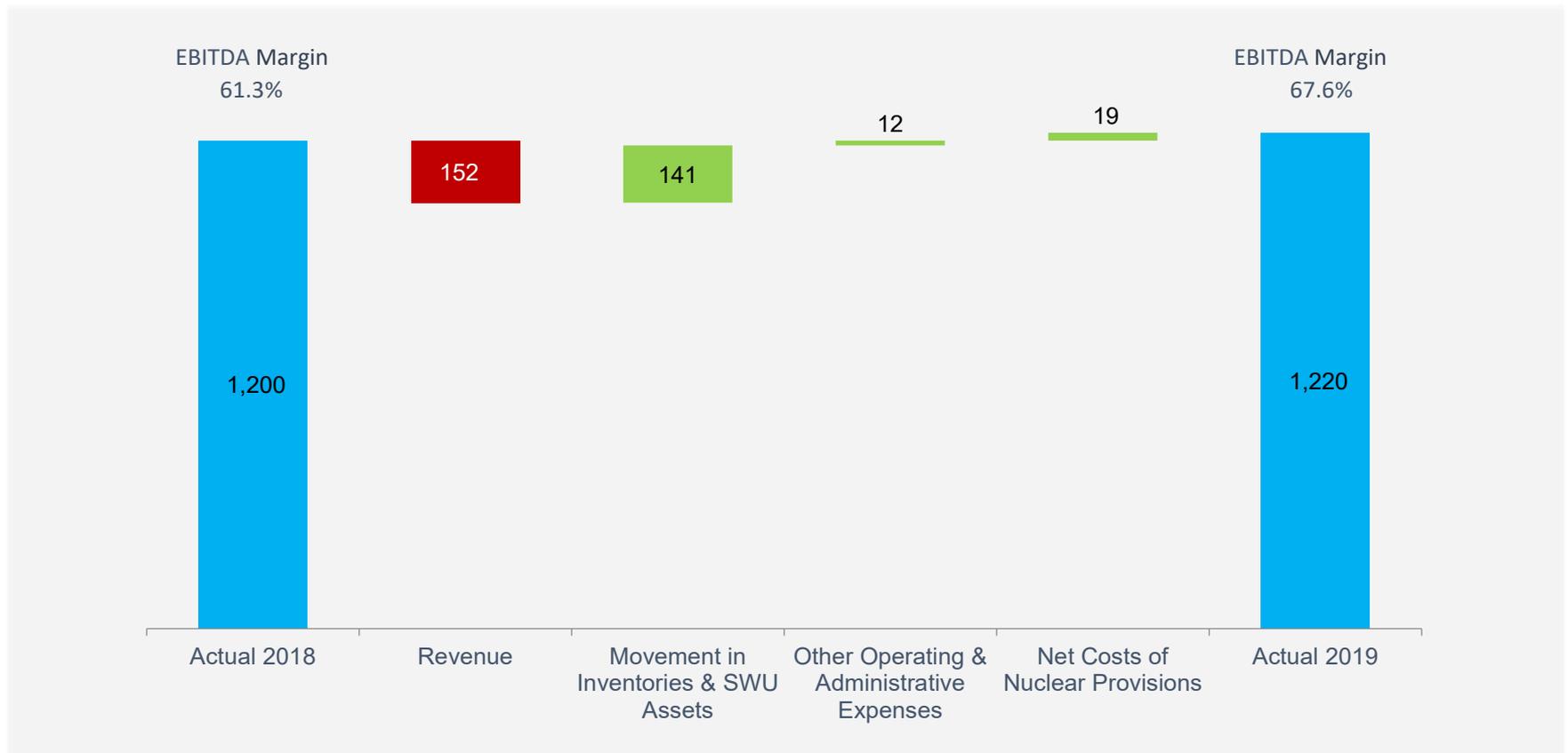
- Revenue decrease due to: (i) marginally higher SWU volumes offset by lower uranium volumes; (ii) lower unit revenues for SWU and higher unit prices for uranium, further impacted by hedging; and (iii) lower sales at Urenco Nuclear Stewardship.



# EBITDA

(€ million)

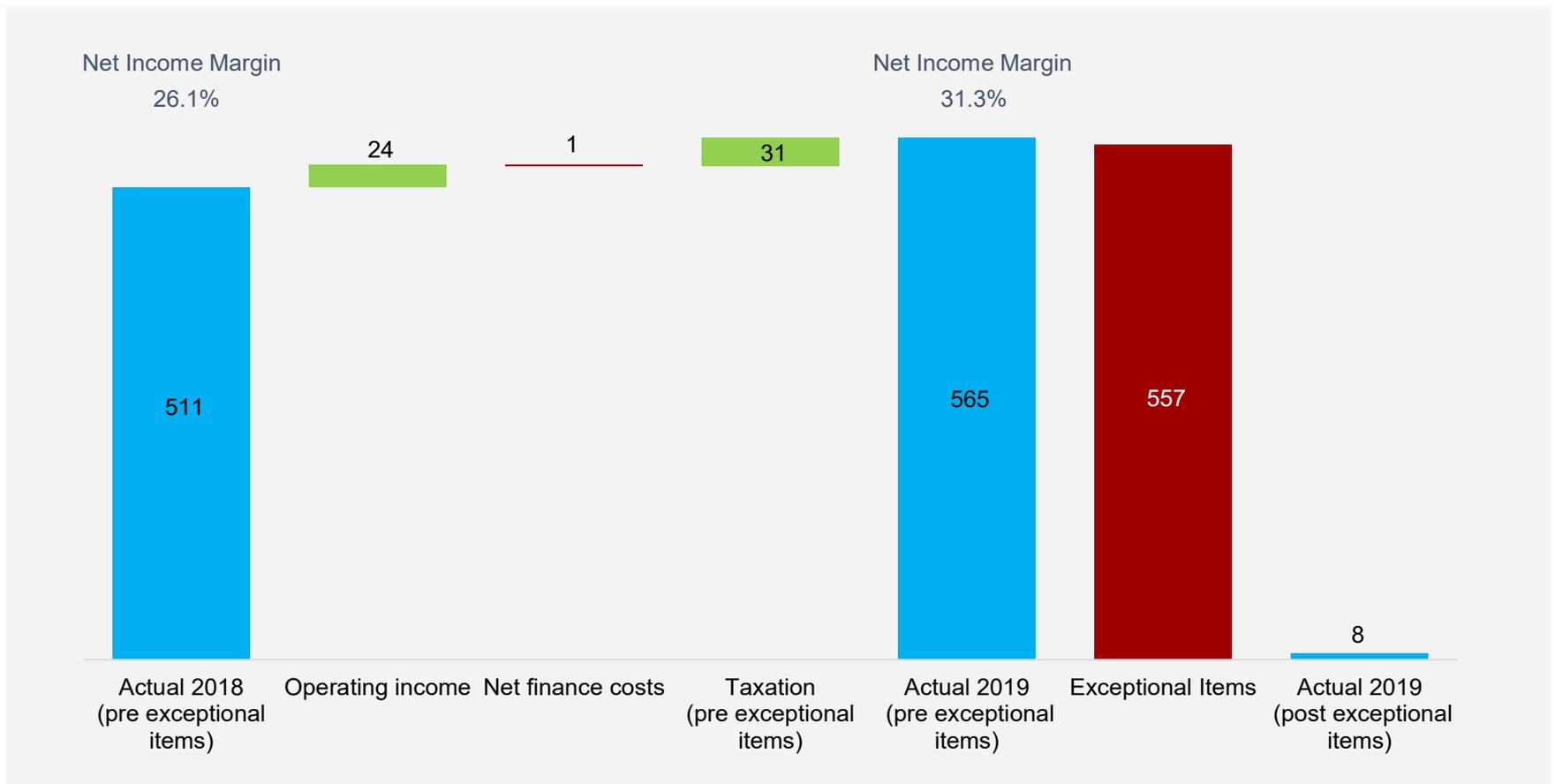
- EBITDA increase in 2019 driven by: (i) lower revenues largely offset by movements in inventories & SWU assets; (ii) lower operating and administrative expenses; and (iii) lower net costs for nuclear provisions.



# Net income

(€ million)

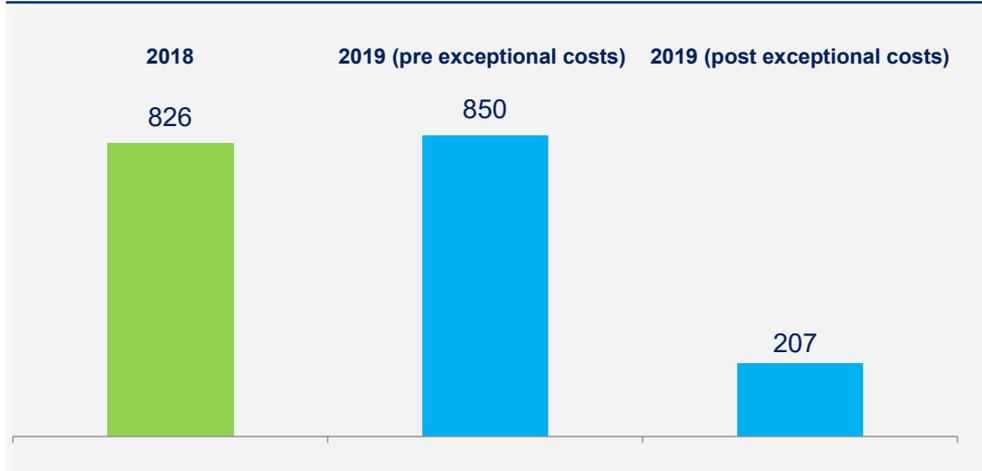
- Slight increase in net income (pre exceptional costs) reflects: (i) impact of higher EBITDA together with movements in depreciation; and (ii) lower taxation expense due to mix of profits.



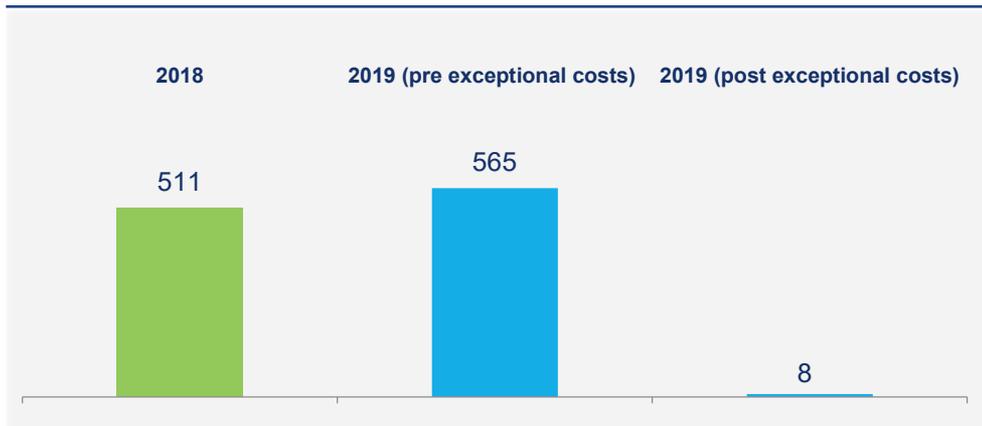
# Exceptional costs

(€ million)

## Income from Operating Activities



## Net Income



## Impairment of USA assets

- Lower price expectations from long term price forecasts
- Pre-tax charge of €500 million
- Post-tax charge of €446 million

## Revision to discount rates on nuclear liabilities

- Downward pressure on real interest rates within European operational jurisdictions
- Pre-tax charge of €143 million
- Post-tax charge of €111 million

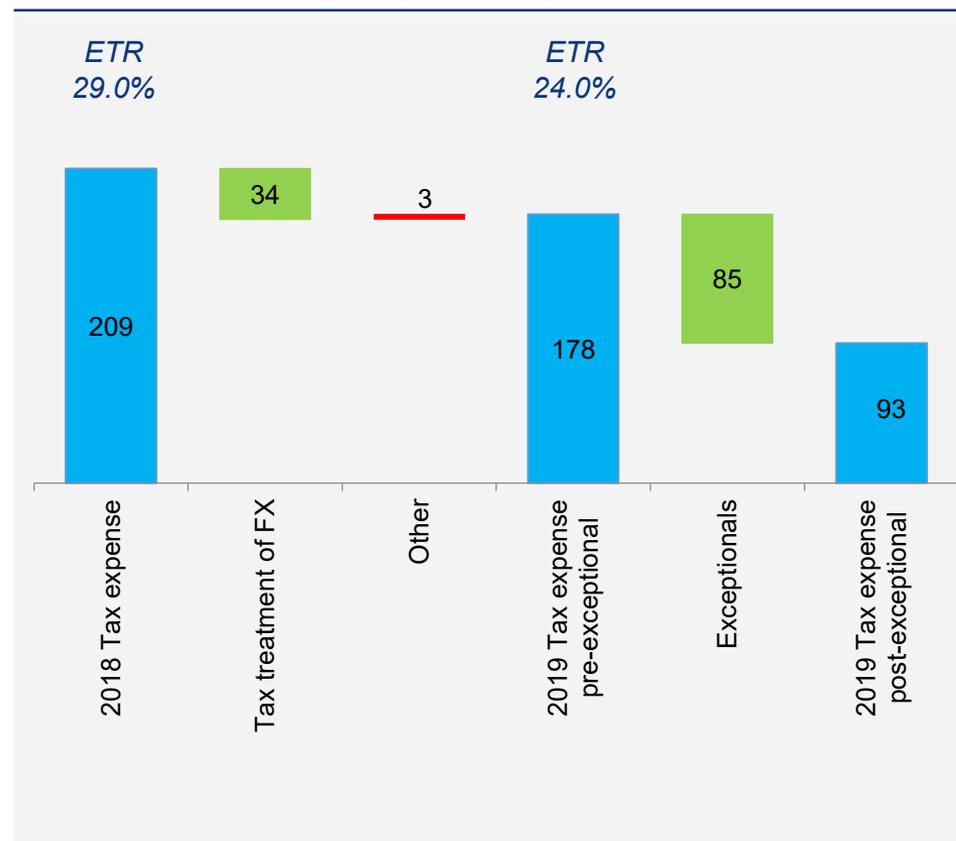
## Consolidated tax charge

- 2019 Tax charge was €178 million pre-exceptionals and €93 million post-exceptionals (2018: €209 million).
- Effective tax rate before exceptional items reduced to 24% in 2019, due to a reduction in taxation on foreign exchange.

## Cash tax paid

- Cash tax paid in the period was €142 million (2018: €119 million).
- Urenco continues to be a substantial corporate tax payer.

Tax charge – year on year movement



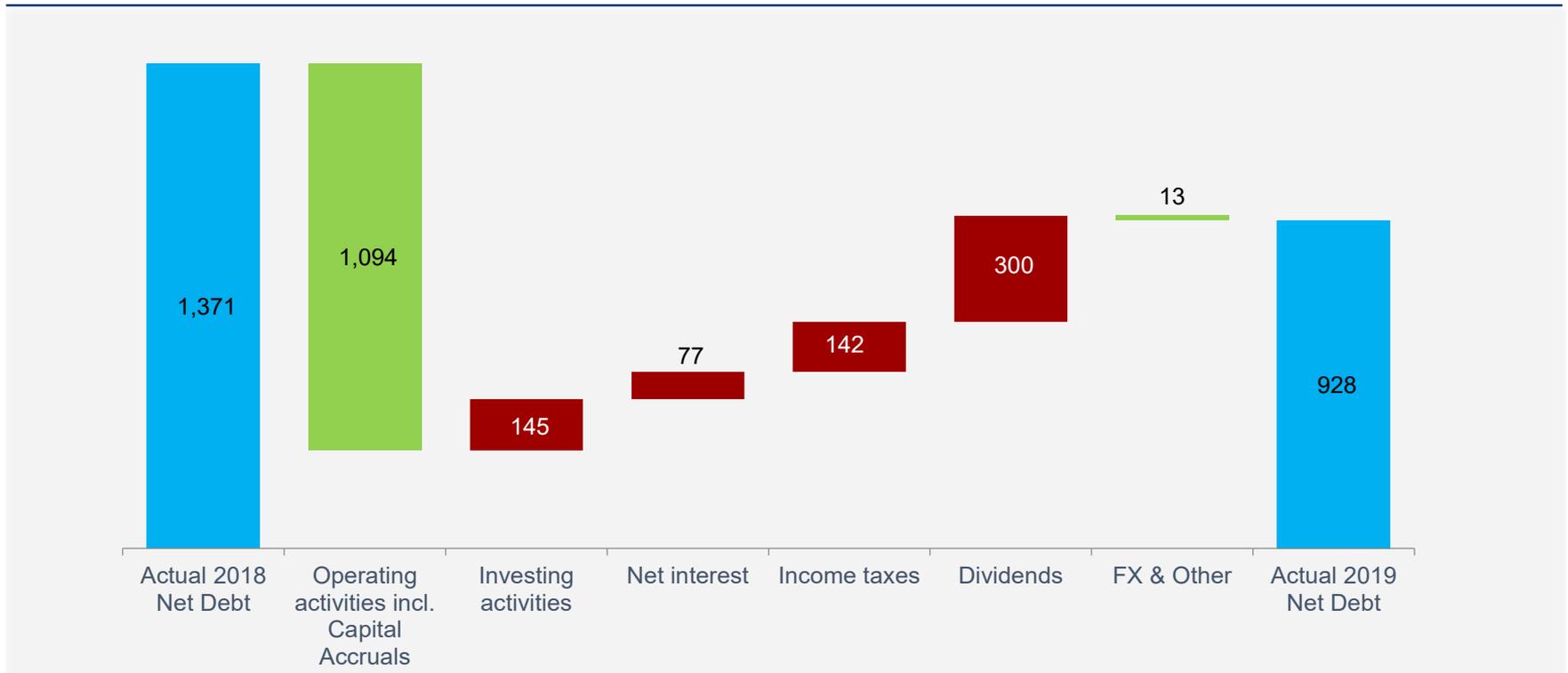
# Cash flow & Net debt

(€ million)



- Cash generated from operating activities was €307 million lower than prior year, driven by lower revenues and adverse movements in working capital.
- Expenditure on investing activities was lower than the prior year.
- Net debt reduced by €443 million to €928 million.

Cash Flow & Net Debt (€million)

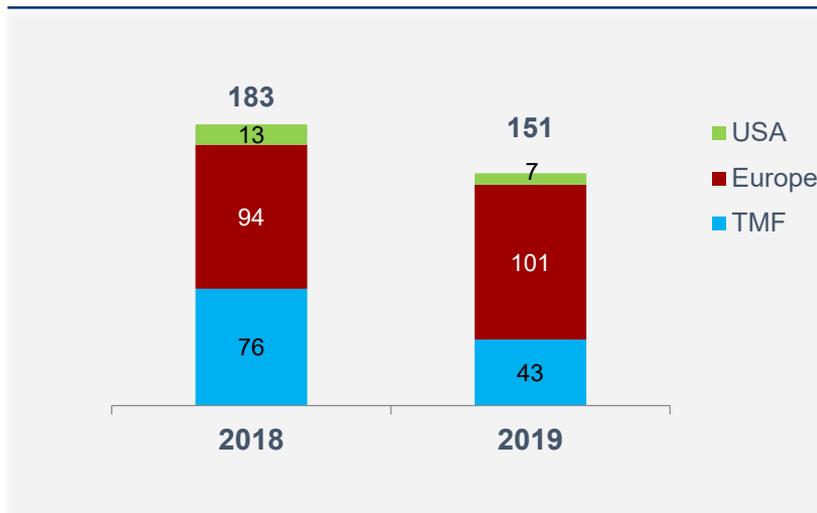


# Capital expenditure

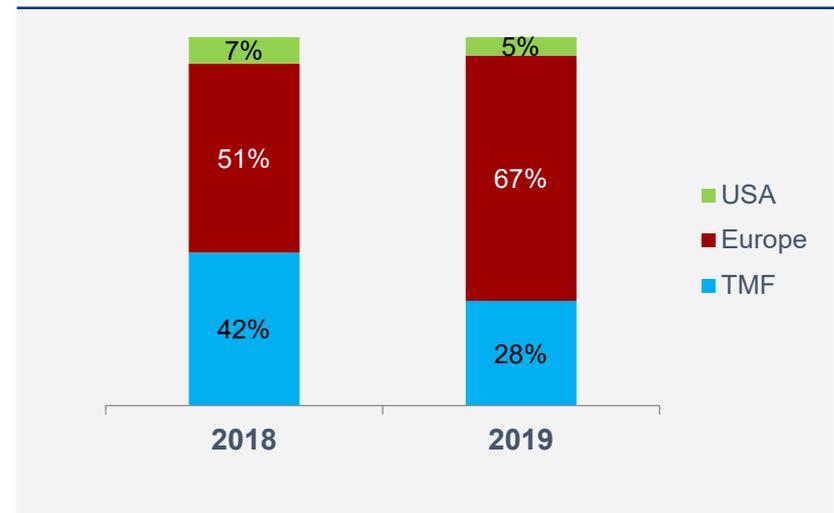
(€ million)

- Capital expenditure includes €145 million of cash flows on investing activities and €6 million of capital accruals (in working capital payables)
- Construction of TMF complete, commissioning well advanced and commencement of operations planned for late 2020.
- Level of capital expenditure on enrichment assets now at sustainable level.

Capital expenditure by region – € million



Capital expenditure by region – relative

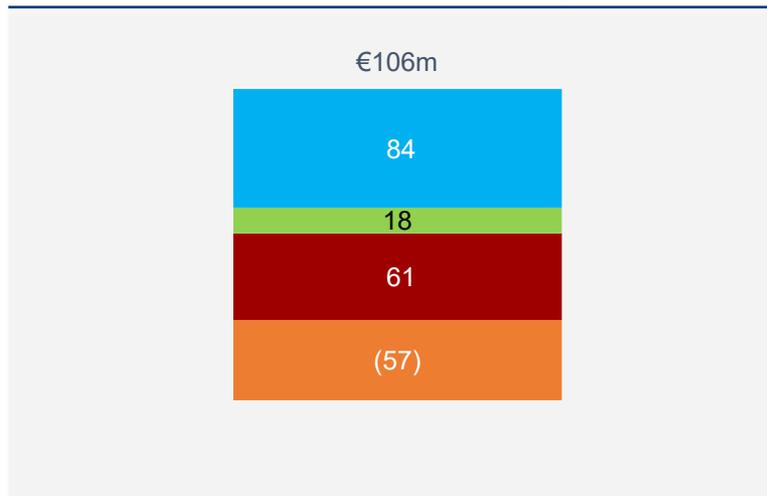


# Net finance charges

(€ million)

- Underlying net finance costs were lower reflecting the lower levels of net debt in 2019. Debt interest charges in 2019 include the costs associated with repurchase and cancellation of February 2021 Eurobonds.

**2018 Net finance charges**



**2019 Net finance charges**



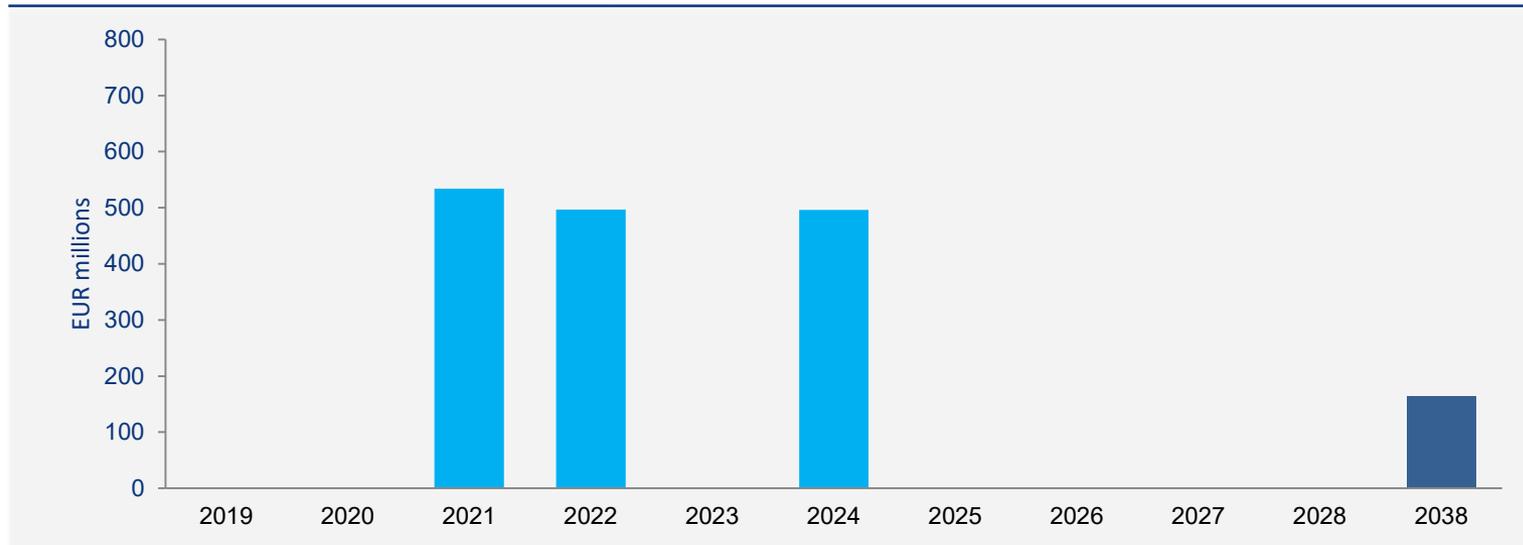
■ Capitalised interest charge  
 ■ Non Cash discount unwind on pensions and provisions  
 ■ FX on financing activities and impact of cashflow hedges  
 ■ Debt interest

## Key credit ratios:

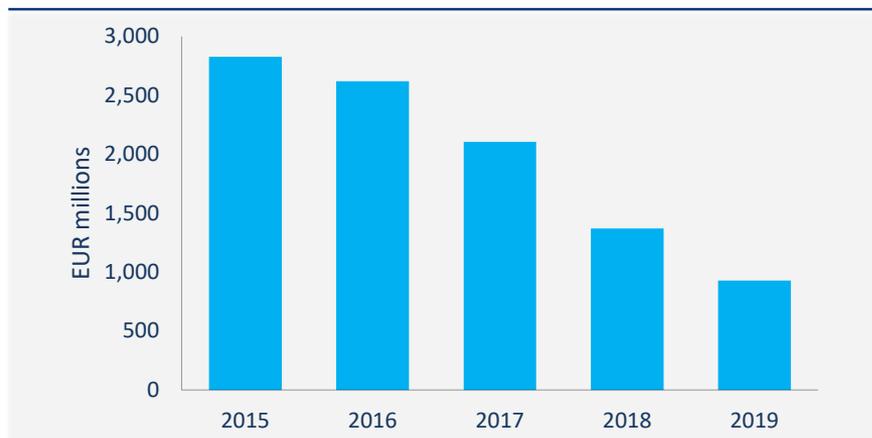
	2018	2019
Funds Flow from Operations / Total Adjusted Debt (FFO/TAD)	34.3%	38.2%
EBITDA / Interest cover	8.6x	7.8x

# Debt structure – 31 December 2019

## Debt maturity profile – Net debt €0.9 billion



## Net debt € million



## Currency mix



## Liquidity

- Cash and short term investments €787 million at 31 December 2019.
- €750 million committed revolving credit facility (RCF) maturing 2023 undrawn at December 2019.
- Tender for 2021 Eurobonds in January 2019 – repaid €215.6 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
- 2019 Annual Results
- Summary
- Q&A



- Strong revenue, EBITDA and net income; and continued reduction in net debt.
- Enrichment contract order book extending until first half of 2030s.
- Refreshing our strategy to address geopolitical and market challenges.
- Forthcoming milestones for other business – TMF operations and expansion of stable isotopes business.

***Urenco is well positioned for the next 50 years with a broad and sustainable offering for the nuclear industry.***

- CEO's Review
- 2019 Annual Results
- Summary
- Q&A



## Questions & Answers



- **Jayne Hallett**  
Director, Corporate Communications,  
PR & Sustainability  
+44 1753 660660  
[Jayne.Hallett@urencocom](mailto:Jayne.Hallett@urencocom)
- **Gerard Tyler**  
Group Treasurer  
+44 1753 660670  
[Gerard.Tyler@urencocom](mailto:Gerard.Tyler@urencocom)
- **Urenco Limited**  
Sefton Park  
Stoke Poges  
Bucks SL2 4JS

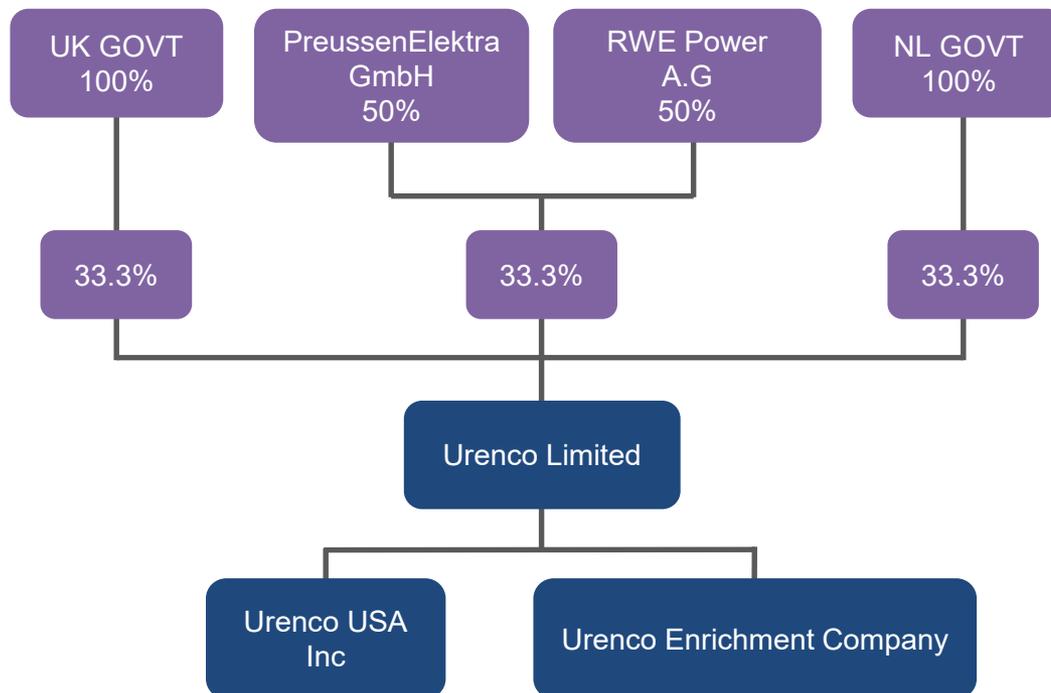


# Our centrifuge technology

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

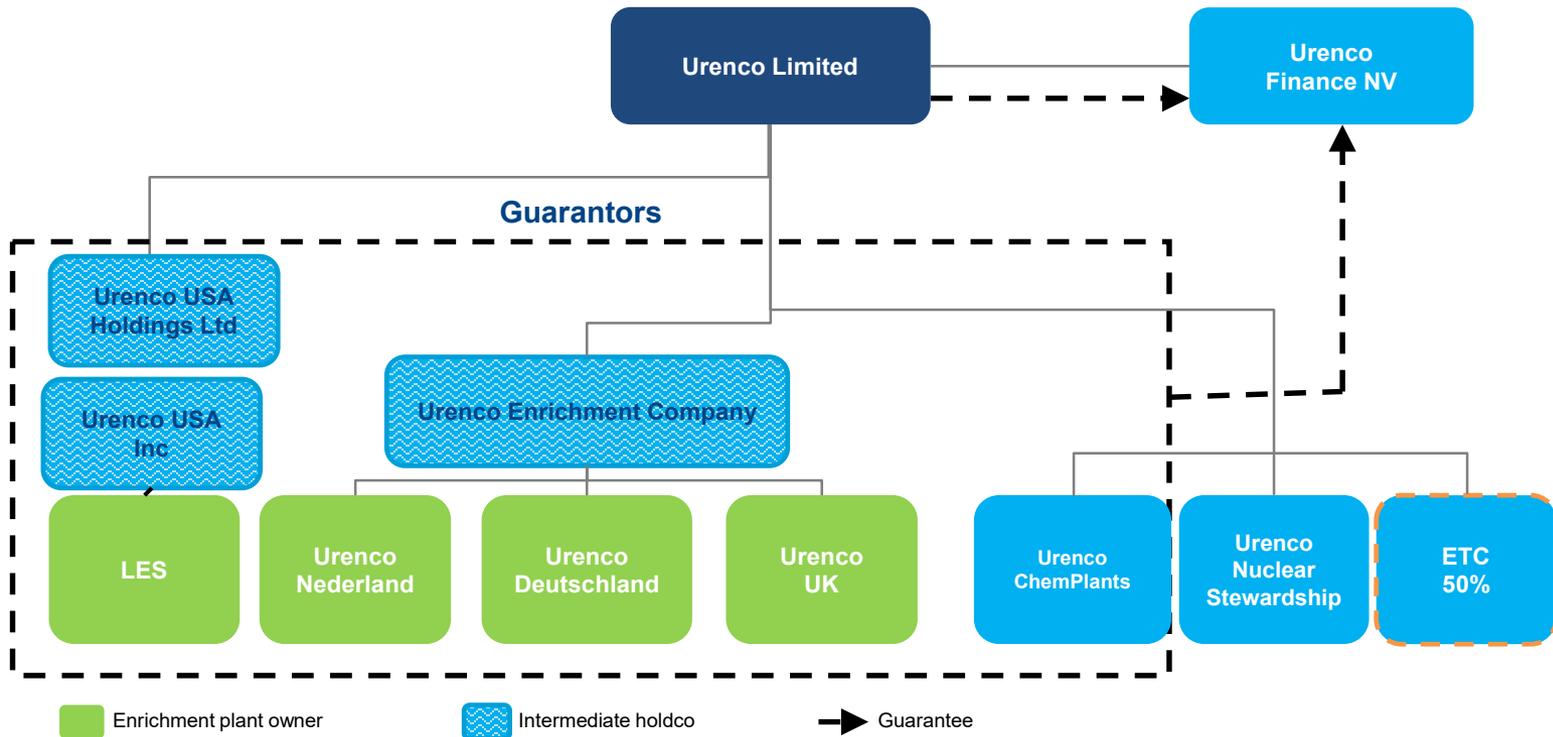


# Ownership and oversight



- 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

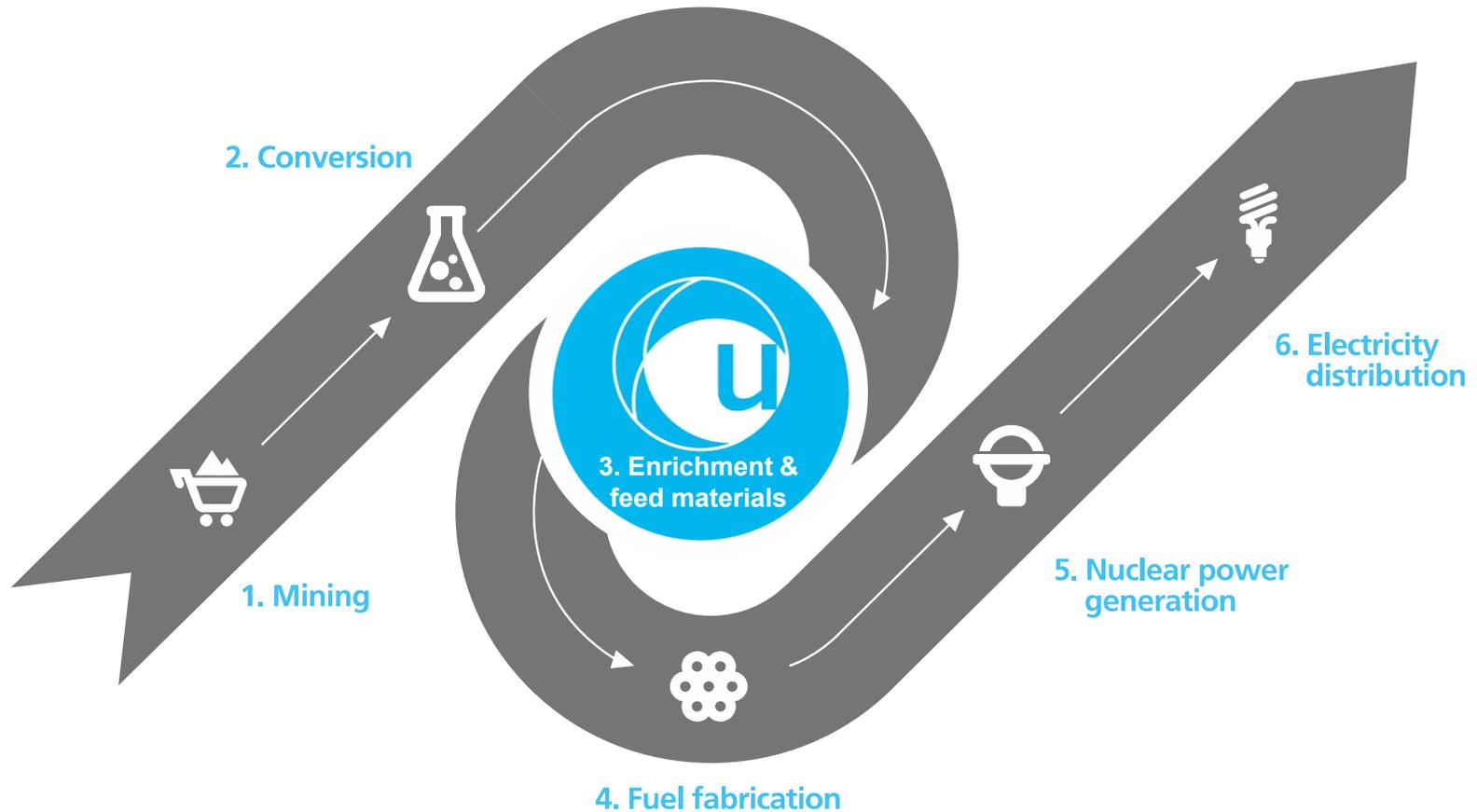
# Group structure



- 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

