

# MOODY'S

## INVESTORS SERVICE

### CREDIT OPINION

14 April 2020

Update

✓ Rate this Research

#### RATINGS

##### Urenco Ltd.

Domicile	Stoke Poges, United Kingdom
Long Term Rating	Baa1
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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## Urenco Ltd.

### Update to credit analysis

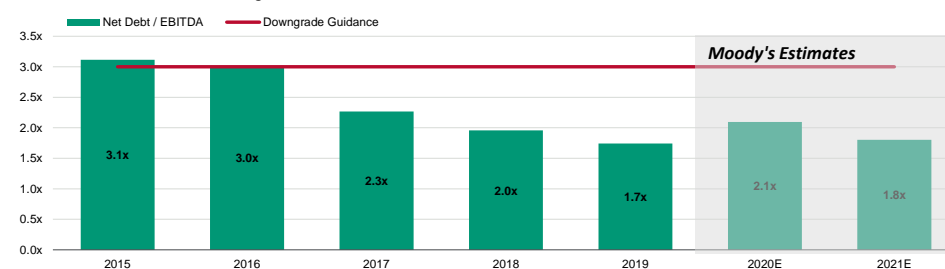
#### Summary

The Baa1 rating reflects [Urenco Ltd.](#)'s (Urenco) leading position in the concentrated global market for uranium enrichment services, which has high technological and capital entry barriers and benefits from the highly regulated nature of the industry. The rating also includes a one-notch uplift from the Baseline Credit Assessment (BCA) of baa2, reflecting our assumption of moderate government support from the sovereign shareholders, the governments of the [United Kingdom](#) (Aa2 negative) and the [Netherlands](#) (Aaa stable), as well as its low dependency on the UK and Dutch economies. In the aftermath of the Fukushima nuclear accident, trading conditions in the global enrichment market markedly deteriorated. This led to significant oversupply and large surplus inventory, which continues to put significant downward pressure on market prices for enrichment contracts.

As a result, we expect Urenco's revenue and operating profit to decline in the mid-2020s. However, visibility into Urenco's cash flow generation remains good because its sales are substantially contracted for the next three to four years at relatively strong historical prices. We expect Urenco to generate a robust annual operating cash flow of €750 million-€850 million over 2020-22. Stable capital spending of \$100 million-\$150 million per annum and dividend payments in line with the company's stated financial policy should result in free cash flow (FCF) in excess of €500 million in 2020, declining to \$300 million-\$330 million in 2021-22. We forecast adjusted net debt/EBITDA to be around 2.1x by year-end 2020 and to slightly decline towards 1.7x thereafter as a result of lower financial debt and adjustments related to tails and decommissioning liabilities, offsetting the projected lower EBITDA generation.

Exhibit 1

**Debt repayments and high projected cash balances should help keep Urenco's adjusted net debt/EBITDA comfortably below 3.0x**



Sources: Moody's Financial Metrics™ and Moody's Investors Service

## Credit strengths

- » Urenco has leading market positions in key Western European and US markets, a well-diversified customer base, technological leadership and a strong order book extending into the 2030s.
- » Reduction in capital spending requirements and stable dividends support the company's FCF and allow for debt reduction in line with its conservative financial policy.
- » Moderate government support reflects potential credit backing from its UK and Dutch state-owners in a stress situation, in the context of the supportive legal framework and stringent regulatory oversight governing uranium enrichment activities.

## Credit challenges

- » Trading conditions in the global uranium enrichment market have weakened after the Fukushima accident amid significant oversupply and large surplus inventory.
- » Urenco's operating profit and cash flow are likely to fall in the mid-2020s as continued downward pressure on market prices for future enrichment contracts increasingly affects the company's top line.
- » Political risks associated with the UK's withdrawal from the European Union (EU)/Euratom and potential challenges to the continued production of nuclear fuel in Germany, mitigated by the geographical diversification of Urenco's portfolio of enrichment facilities.

## Rating outlook

The stable outlook on the ratings reflects our expectation that despite the weak pricing environment, Urenco's operating profitability will remain resilient and that reduced capital spending requirements and stable dividends will enable the company to generate sizeable positive FCF and maintain a low level of adjusted net leverage in the next few years.

## Factors that could lead to an upgrade

An upgrade of the baa2 BCA is unlikely in the foreseeable future considering the sustained pressure on market prices for future enrichment contracts and the expected decline in Urenco's revenue and EBITDA in the mid-2020s.

## Factors that could lead to a downgrade

A downgrade of Urenco's baa2 BCA and the Baa1 issuer rating would depend on one or more of the following developments:

- » A faster-than-anticipated decline in revenue and deterioration in operating cash flow, preventing the balance sheet deleveraging that is required to maintain a solid financial profile in light of lower expected future profitability
- » FCF turning negative, preventing debt reduction and resulting in higher adjusted net leverage above 3.0x in the coming years versus 1.7x as of year-end 2019
- » Changes in the company's sovereign ownership, which may lead to the elimination of the one-notch uplift to the BCA

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

## Key indicators

Exhibit 2

### KEY INDICATORS

#### Urenco Ltd.

	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Revenue (USD Billion)	\$2.0	\$2.3	\$2.2	\$2.1	\$2.0
PP&E (net) (USD Billion)	\$5.1	\$5.6	\$5.9	\$5.6	\$6.7
EBITDA Margin	65.3%	58.2%	60.7%	58.6%	62.0%
ROA (Return on Average Assets)	12.6%	12.5%	12.2%	8.2%	8.4%
Debt / EBITDA	2.4x	2.4x	2.3x	3.2x	3.5x
RCF / Debt	29.4%	29.2%	24.0%	18.1%	18.6%
EBITDA / Interest Expense	14.4x	12.6x	10.0x	8.3x	7.7x

All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Source: Moody's Financial Metrics™

## Profile

Urenco Ltd. (Urenco) was created in 1971 following the collaboration agreement signed between the governments of the UK, [Germany](#) (Aaa stable) and the Netherlands to combine their activities in the development and exploitation of the gas centrifuge process for the production of enriched uranium. As such, Urenco is one-third owned by the UK government, one-third by the Dutch government and one-third by German utilities RWE Power AG, a 100% directly owned subsidiary of [RWE AG](#) (Baa3 positive), and PreussenElektra GmbH, which is 100% owned by [E.ON SE](#) (Baa2 stable).

Headquartered in Stoke Poges, UK, Urenco is an international supplier of enrichment services to power utility customers that typically supply it with natural uranium, uranium hexafluoride (UF<sub>6</sub>), which Urenco then enriches to international specifications for use in nuclear power stations. The company supplies more than 50 customers in 19 countries from its operations spread across four sites in four countries, including Almelo in the Netherlands; Capenhurst in the UK; Eunice, New Mexico (in operation since 2010) in the US and Gronau in Germany. In 2019, Urenco also opened a representative office in China to expand its presence within the growing local market.

With current enrichment capacity at 18.5 million separative work units (SWUs, the standard measure of the effort required to increase the concentration of the fissionable U<sub>235</sub> isotope) per annum, Urenco is one of the four main companies in this market, alongside the French group Orano SA (formerly Areva NC); Russian groups TENEX and TVEL (both fully owned by [Atomenergoprom JSC](#), Baa3 stable) and China National Nuclear Corporation.

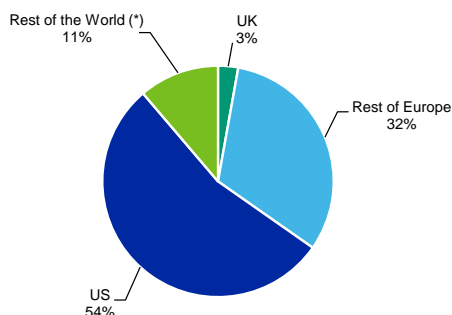
Urenco is the holding company for the Urenco Group, which comprises the following:

- » Urenco Enrichment Company Ltd. (UEC), which supplies enrichment services from the group's European sites;
- » Urenco USA Holdings Ltd, the holding company for the group's operations in the US;
- » Enrichment Technology Company Ltd. (ETC), a 50/50 joint venture with Orano that manufactures and supplies the centrifuge enrichment technology;
- » Urenco ChemPlants, a wholly owned subsidiary which owns and will operate the group's Tails Management Facility (TMF) in the UK for the safe disposal of uranium enrichment's byproduct;
- » Urenco Nuclear Stewardship, responsible for the management of nuclear materials, decommissioning and recycling.

Urenco reported revenue of €1,805 million in 2019 (€1,958 million in 2018), while its Moody's-adjusted EBITDA for the same period was €1,179 million (€1,140 million in 2018). The group's order book amounted to €10.6 billion, corresponding to around six years of revenue based on the 2019 level.

Exhibit 3

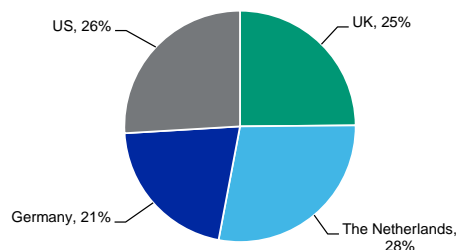
**Around half of 2019 revenue was generated from the US market**



(\*) Rest of the World is predominantly Asia.  
Source: Urenco's 2019 Annual Report

Exhibit 4

**Urenco's installed enrichment capacity is evenly balanced across its four sites**



Source: Urenco

## Detailed credit considerations

### Global uranium enrichment market likely to remain oversupplied

Over the past decade, Urenco has executed a programme of investment-led growth, which included the construction of sizeable production facilities in the key US market, as well as capacity additions in Europe. As of year-end 2019, the company had a global capacity of 18,500 tonnes of separative work per annum (tSW/a), which accounted for about 28% of the global market for uranium enrichment services compared with around 19% in 2005.

Capacity additions and steady price increases implemented in the supply-driven enrichment market prevailing until the Fukushima accident in 2011 have allowed Urenco to deliver steady growth in revenue and position its adjusted EBITDA margin in the mid-50s to low-60s in percentage terms on average in the past decade. This healthy margin reflects the high barriers to entry in the industry as a result of its high capital intensity and protected technological know-how. The Treaty of Almelo safeguards Urenco's centrifuge technology from free dissemination and arguably provides a more effective protection than patent laws.

However, following the Fukushima nuclear accident in 2011, trading conditions deteriorated as the global enrichment market moved into an oversupplied position. While Japan has been struggling to reopen its nuclear plants, several European countries have reduced their commitments to nuclear power, most notably Germany, which decided to entirely phase out nuclear power by 2022. At the same time, US nuclear plants have been under pressure from a combination of low natural gas prices and a push towards renewable energy, despite federal government incentives supporting new nuclear generation. The state-owned Chinese operator China National Nuclear Corporation has built a small but significant position in the enrichment market in the last few years. According to the World Nuclear Association, it should account for around 16% of the market in 2020 and has the potential to develop into a stronger competitor in the medium term, particularly because a large part of the new demand for enrichment services is likely to come from China.

The enrichment market has built a sizeable surplus inventory, which will take around a decade to unwind. This has put material downward pressure on market prices for future enrichment contracts up to the extent that Urenco sees a weak economic case to replace its existing capacity as centrifuges age. As a result, the company will generate lower revenue and profit on new orders, which will weigh on its financial results into the 2020s. While uranium enrichment services will remain Urenco's core business, the company plans to further strengthen its presence on some ancillary activities, such as nuclear stewardship, next generation fuels and stable isotopes.

### Minimal business disruptions from Brexit and the coronavirus outbreak likely because of mitigation plans in place

In the short term, Urenco's business model is exposed to risks arising from the UK's withdrawal from the EU and the Euratom. At a national level, the UK has implemented international safeguard agreements with the International Atomic Energy Agency, as well as Nuclear Cooperation Agreements (NCAs) with the US and Canada, to secure ongoing nuclear trading activity in a post-Brexit scenario. However, the UK's withdrawal and its consequences are specifically relevant to Urenco given the UK government's 33.3% ownership

stake in the company and because around 25% of Urenco's enrichment capacity, as well as the newly built Tails Management Facility, are in the UK. These assets serve not only the UK customers but also foreign markets, including customers in the EU. The company has adequate mitigation plans in place, such as stock and equipment build-ups to ensure operational continuity at the UK plant and export licences to grant customer deliveries. As a result of the measures put in place by the company, we do not expect any significant negative Brexit-related disruptions to Urenco's operations at this stage.

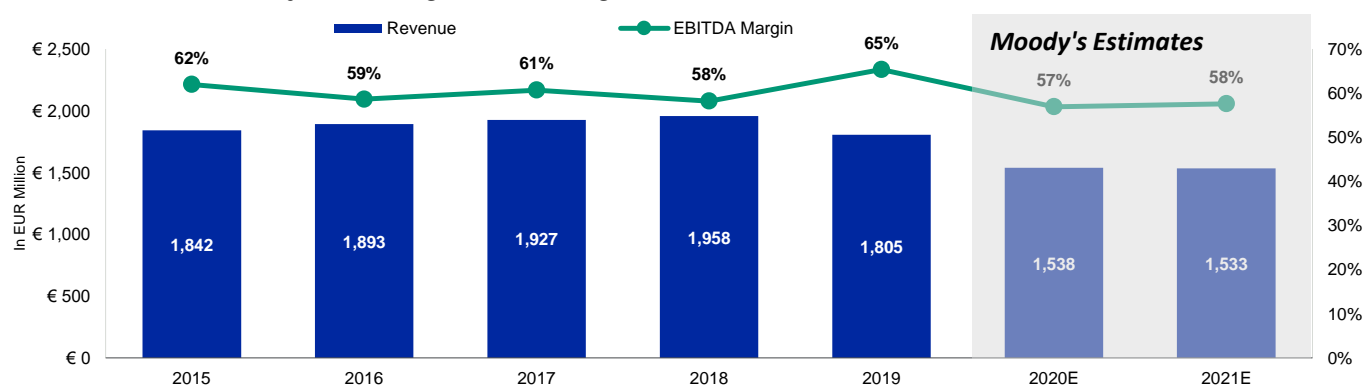
We also do not foresee any major disruption from the coronavirus outbreak because uranium enrichment services have critical infrastructure status in particular in the Netherlands and the UK. The company does not rely on a large number of employees to run its day-to-day business hence social distancing requirements are relatively easily to implement and maintain. In addition, the market for uranium enrichment services should not be significantly impacted by the economic impact of the coronavirus crisis, which we consider as relatively short term, with global economic growth currently expected to pick up in the second half of 2020.

### Sizeable order book underpins medium-term operating profitability and cash flow

Urenco has a high degree of visibility into revenue and cash flow at present. While significantly down from a pre-Fukushima peak of €21 billion, its order book still had a value of around €10.6 billion (equivalent to around six years of annual turnover based in 2019 level) at contracted prices. Urenco's backlog extends into the 2030s and relies substantially on the existing nuclear plants and large customers, predominantly in key Western markets. The customer base is reasonably diversified, with more than 50 utility customers in 19 countries, but reflects the geographical concentration of the nuclear industry. Proximity to clients is key to ensure timely and continued delivery of enriched uranium to nuclear power plants.

Exhibit 5

#### Urenco benefits from healthy EBITDA margins in the mid-high 50s



Sources: Moody's Financial Metrics™ and Moody's Investor Service estimates

With sales for 2020-21 substantially contracted at relatively high historical prices, the company enjoys good visibility into future cash flow in the medium term. It is also able to partly mitigate the effect of lower SWU prices by using spare capacity to generate ancillary revenue from the sale of uranium feed material conserved through underfeeding, whereby centrifuges work harder to produce the same quantity of enriched uranium out of lower volumes of uranium hexafluoride (UF<sub>6</sub>).

In response to the continued difficulties facing the enrichment market, Urenco carried out a comprehensive strategic review of its business and market in 2016, setting out a range of actions aimed at improving future efficiency and productivity. At the time of its 2019 results' release, the company announced that it exceeded the target €300 million in cumulative cash savings and efficiencies across the business and provided an update on its 2020 strategy. Key areas where Urenco intends to focus on are the expansion within the Asian region, additional cost reductions and efficiencies, and the development of uranium-related ancillary activities where Urenco's presence is not significant yet.

In 2019, Urenco reported resilient results despite revenue falling 7.8% to €1,805 million because of lower SWU and uranium-related sales, as well as losses associated with uranium-related commodity contracts. Its Moody's-adjusted EBITDA amounted to €1,179 million (broadly in line with €1,140 in 2018), reflecting lower net costs of nuclear provisions, as well as other operating and administrative

expenses. This resulted in a significantly higher and very healthy adjusted EBITDA margin of 65.4% for 2019 compared with 58.2% in 2018.

We expect Urenco's revenue to decline to €1.50 billion-€1.55 billion and EBITDA generation to fall to around €850 million-€900 million annually in 2020-22 because of the continued difficult market conditions. Notwithstanding this projected deterioration, the company should be able to maintain healthy EBITDA margins in the high-50s in percentage terms, in line with historical results.

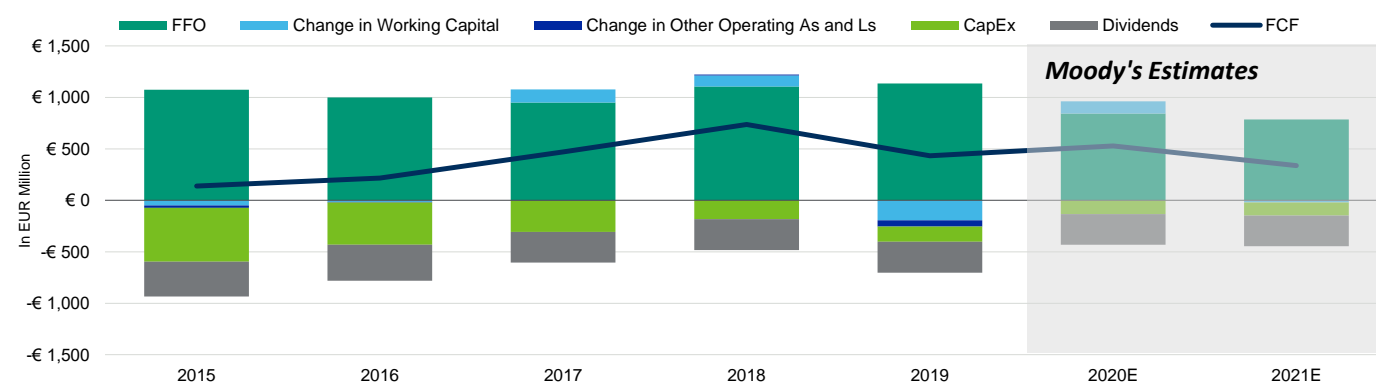
### Declining capital spending requirements and recently reduced dividend support deleveraging

The large investment programme undertaken by Urenco led to a significant increase in financial leverage in the period through 2015, when Urenco's adjusted total debt peaked at €3.95 billion (including €619 million for decommissioning and tail disposal provisions, €71 million for pension obligations and €38 million for operating lease commitments), with net debt/EBITDA at 3.1x.

However, since the completion of the third phase of the capacity expansion project in the US in 2015, Urenco's capital spending declined by about 70% to €147 million (Moody's adjusted) in 2019. Lower capital spending, combined with an annual dividend of €300 million since 2017 (reduced from €350 million paid in 2016 to take into account the weaker outlook), allowed Urenco to generate cumulative FCF of €1,638 million over 2017-19. Overall, the company has reduced adjusted total and net debt by €1,104 million and €1,501 million, respectively, since 2015. Accordingly, its leverage metrics have improved, with adjusted net debt/EBITDA falling to 1.7x as of year-end 2019 from 3.1x in 2015.

Exhibit 6

### Positive FCF in 2020-21 is underpinned by resilient FFO and reduced capital spending requirements



Sources: Moody's Financial Metrics™ and Moody's estimates

We forecast annual cash flow from operations of €800 million on average in 2020-22, which is more than sufficient to cover moderate working capital needs, as well as annual capital spending of around €130 million. Capital spending should decrease from high historical levels because Urenco completed the construction of its nuclear Tails Management Facility and no additional capacity expansions are currently budgeted for. After constant annual dividend payments of €300 million to its shareholders, we expect Urenco to remain FCF positive throughout the next three-year period, with FCF in excess of €500 million in 2020 and declining to \$300 million-\$330 million afterwards. Urenco's FCF should be sufficient to meet scheduled debt repayments when due while allowing for a discretionary build-up of cash to fund future nuclear decommissioning costs.

### ESG considerations

Urenco's ratings also factor in the following environmental, social and governance considerations.

As an owner and operator of nuclear enrichment facilities and the associated obligations towards the safe storage of nuclear tails, Urenco faces environmental risks which, however, are well managed in our view. Its Moody's-adjusted debt figures include provisions for tails disposals and decommission of nuclear plant and machinery.

The rapid and widening spread of the coronavirus outbreak, deteriorating global economic outlook, falling oil price and asset price declines are creating a severe and extensive credit shock across many sectors, regions and markets. The combined credit effects of these developments are unprecedented. However, we do not consider Urenco's credit profile as very vulnerable to shifts in market sentiment

and view the company as not overly vulnerable to the continued spread of the outbreak. We regard the coronavirus outbreak as a social risk under its ESG framework, given the substantial implications for public health and safety.

The ratings factor in Urenco's conservative funding strategy and financial policy. Urenco aims to maintain solid liquidity through a combination of high cash balances (€787 million as of 31 December 2019, including short-term investments) and access to sizeable, long-term committed credit facilities. With regard to its funding strategy, the company's capital structure entails a mix of longer-dated debt that matches the long-term nature of the group's investments. Furthermore, Urenco uses a range of financial instruments to manage the foreign-currency risk it is exposed to, so as to reduce income and cash flow volatility. Finally, Urenco has a track record of managing its debt maturities by raising funds in advance of ultimate repayment dates of debt instruments. Urenco's stated financial policy is geared towards the ambition to maintain strong investment-grade credit rating and strong credit ratios to support its business in the long term. Dividend payments should not normally exceed earnings and should be set to protect the current Baa1 credit rating, with the option to be increased only if ratings headroom exists.

Urenco's board of directors comprises nine members, seven of whom are independent but all directors are nominated by the shareholders. The two executive directors are elected into position by the board are Urenco's CEO and CFO. Each of Urenco's three shareholders appoints two non-executive directors and the seventh is elected onto the board by unanimous resolution of the shareholders and acts as chairman.

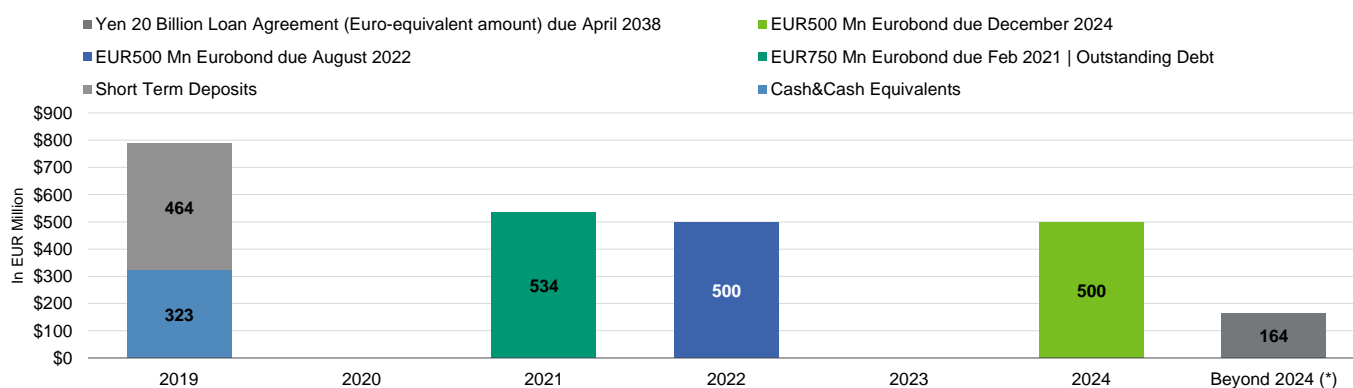
### Liquidity analysis

Urenco's liquidity is strong. As of year-end 2019, the group reported a cash balance of €323 million and short-term bank deposits (which we consider cash-like) of €464 million. Furthermore, Urenco had access to a €750 million revolving credit facility, which is fully undrawn and matures in June 2023. The facility has no financial covenants. The company's notes and bank facility benefit from the change of control provisions.

Urenco's next debt maturity is of around €534 million and is scheduled for February 2021. This is the remaining outstanding portion of the €750 million eurobond the company prepaid in January 2019. Another €500 million eurobond is due to expire in August 2022 (see Exhibit 7). We expect the combination of Urenco's positive FCF and projected high cash balances over the next couple of years to be sufficient to cover the upcoming maturities.

Exhibit 7

#### Urenco's next debt maturity falls due in 2021



(\*)Yen 20 billion loan agreement due April 2038, in euro equivalent as of 31 December 2019.

Source: Urenco's 2019 Annual Report



## Methodology and scorecard

While there is no perfect rating methodology fit for Urenco's nuclear enrichment operations, we decided to apply the Chemical Industry rating methodology, which caters for some of the features of the uranium enrichment market.

Exhibit 8

### Rating factors

Urenco Ltd.			Moody's 12-18 Month Forward View As of April 2020	
Chemical Industry Scorecard	Current FY 12/31/2019		Measure	Score
<b>Factor 1 : Scale (15%)</b>	<b>Measure</b>	<b>Score</b>		
a) Revenue (USD Billion)	\$2.0	Ba	\$1.6 - \$1.7	Ba
b) PP&E (net) (USD Billion)	\$5.1	Baa	\$4.5 - \$4.8	Baa
<b>Factor 2 : Business Profile (25%)</b>				
a) Business Profile	Baa	Baa	Baa	Baa
<b>Factor 3 : Profitability (10%)</b>				
a) EBITDA Margin	65.3%	Aaa	56% - 58%	Aa
b) ROA (Return on Average Assets)	12.6%	Baa	8% - 8.5%	Ba
<b>Factor 4 : Leverage &amp; Coverage (30%)</b>				
a) Debt / EBITDA	2.4x	Baa	2.5x - 3.5x	Baa
b) RCF / Debt	29.4%	Baa	17% - 20%	Ba
c) EBITDA / Interest Expense	14.4x	Baa	5.5x - 7.5x	Ba
<b>Factor 5 : Financial Policy (20%)</b>				
a) Financial Policy	Baa	Baa	Baa	Baa
<b>Rating:</b>				
a) Scorecard-Indicated Outcome		Baa2		Baa2
b) Actual Rating Assigned		Baa1		Baa1
<b>Government-Related Issuer</b>	<b>Factor</b>			
a) Baseline Credit Assessment	baa2			
b) Government Local Currency Rating	Aaa / Aa2			
c) Default Dependence	Low			
d) Support	Moderate			
e) Actual Rating Assigned	Baa1			

All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Forward view represents Moody's view, not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestures.

Source: Moody's Financial Metrics™

### Application of GRI rating methodology

Urenco is one-third owned by the UK government, one-third by the Dutch government and one-third by German utilities RWE Power AG and PreussenElektra GmbH. As a result, Urenco qualifies as a government-related issuer (GRI). In accordance with our GRI rating methodology, Urenco's Baa1 senior unsecured issuer rating reflects the combination of the following inputs: (1) the company's BCA of baa2; (2) the Aa2 local-currency rating, with a negative outlook, of the UK government and the Aaa rating, with a stable outlook, of the Dutch government; and (3) the company's low dependence on and moderate support from the sovereign shareholders.

### Government support

Our assessment of government support remains moderate and continues to reflect the strategic and sensitive nature of Urenco's activities for both the UK and the Dutch governments (each owns one-third of Urenco's share capital), specifically in terms of national security arrangements, sensitive information and legal restrictions on the scope of the company's activities.

The assessment recognises the fact that government ownership and the current legal framework require strong government oversight of the policies and operations of the company, with respect to the obligations of the governments on nonproliferation of uranium enrichment technologies. However, the assessment of the level of support within the moderate category also reflects our view that the complexity of the current shareholding structure will require international cooperation in designing support mechanisms and may



constrain to a degree the timeliness of the preventive measures aimed at supporting the company as a going concern in a financial distress situation.

There have been discussions in the past with regard to the potential divestment by Urenco's core sovereign shareholders of their stake in the company. While this would be credit negative for Urenco, these discussions have died down and are unlikely to be revived in the foreseeable future. Furthermore, any sale process would be further complicated by security and non-proliferation issues, which are unique to Urenco and remain the primary concern of governments and shareholders. The Treaty of Almelo provides a framework for the consistent operation of the company and any change in ownership would have to adhere to the provisions of this treaty.

In this context, we consider it appropriate to incorporate a one-notch uplift in Urenco's rating relative to its BCA.

### Default dependence

The low default dependence assigned to Urenco reflects our assessment that events that may cause financial distress at Urenco are unlikely to be correlated to events that would cause a default either by the UK or the Dutch government. As such, low default dependence reflects the nature of Urenco's business activities, as well as the substantial geographical diversification of its revenue, which further limits the company's exposure to events related to either parent government.

## Appendix

Exhibit 9

### Nuclear liabilities represent the largest adjustment to Urenco's reported financial indebtedness

Historical reconciliation between reported and Moody's-adjusted gross debt

(in US Millions)	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-18	FYE Dec-19
<b>As Reported Debt</b>	<b>3,988.7</b>	<b>3,496.6</b>	<b>3,028.8</b>	<b>2,598.3</b>	<b>2,174.4</b>	<b>1,925.5</b>
Pensions	122.9	77.0	150.6	97.4	52.6	73.2
Operating Leases	52.0	41.3	41.1	39.6	32.0	-
Non-Standard Adjustments	504.6	672.9	572.6	520.4	897.7	1,192.3
<b>Moody's-Adjusted Debt</b>	<b>4,668.3</b>	<b>4,287.8</b>	<b>3,793.2</b>	<b>3,255.7</b>	<b>3,156.7</b>	<b>3,191.0</b>

Source: Moody's Financial Metrics™

Exhibit 10

### Historical breakdown of Moody's adjustments to EBITDA

(in US Millions)	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-18	FYE Dec-19
<b>As Reported EBITDA</b>	<b>1,402.8</b>	<b>1,287.4</b>	<b>1,099.3</b>	<b>1,329.4</b>	<b>1,305.7</b>	<b>582.5</b>
Pensions	7.2	5.6	2.9	(12.9)	7.1	8.8
Operating Leases	5.7	4.2	4.3	3.7	3.3	-
Interest Expense – Discounting	(39.6)	(50.6)	(56.0)	(62.7)	(69.6)	(77.5)
Unusual	-	(33.5)	121.9	11.6	35.5	737.2
Non-Standard Adjustments	46.1	54.6	55.3	52.0	63.5	69.1
<b>Moody's-Adjusted EBITDA</b>	<b>1,422.2</b>	<b>1,267.6</b>	<b>1,227.7</b>	<b>1,321.2</b>	<b>1,345.6</b>	<b>1,320.1</b>

Source: Moody's Financial Metrics™

Exhibit 11

## Historical evolution of Urenco's key financials and credit metrics

	FYE	FYE	FYE	FYE	FYE	FYE	FYE
EUR million	2013	2014	2015	2016	2017	2018	2019
<b>INCOME STATEMENT</b>							
Revenues	1,515	1,612	1,842	1,893	1,927	1,958	1,805
EBITDA	990	1,070	1,142	1,110	1,169	1,140	1,179
EBIT	591	650	643	618	824	809	823
Interest Expense	114	137	149	133	117	91	82
Net Income	321	381	383	204	395	477	504
<b>BALANCE SHEET</b>							
Total Debt	3,107	3,858	3,947	3,596	2,711	2,761	2,843
Cash&Cash Equivalents	90	522	391	253	59	531	787
Net Debt	3,016	3,336	3,556	3,343	2,652	2,230	2,055
<b>CASH FLOW</b>							
Funds from Operations	816	905	1,074	1,000	950	1,107	1,136
Change in Working Capital items	(155)	(154)	(51)	(16)	126	107	107
Change in Other Oper. As and Ls	4	(13)	(23)	(7)	(5)	7	7
Cash Flow from Operations	666	739	1,000	977	1,071	1,221	879
Capital Expenditures (CAPEX)	(591)	(545)	(522)	(410)	(302)	(185)	(147)
Dividends	(270)	(340)	(340)	(350)	(300)	(300)	(300)
Free Cash Flow (FCF)	(195)	(147)	138	217	470	736	432
Retained Cash Flow (RCF)	546	565	734	650	650	807	836
RCF / Debt	17.6%	14.7%	18.6%	18.1%	24.0%	29.2%	29.4%
RCF / Net Debt	18.1%	17.0%	20.6%	19.4%	24.5%	36.2%	40.6%
FCF / Debt	-6.3%	-3.8%	3.5%	6.0%	17.3%	26.7%	15.2%
<b>PROFITABILITY</b>							
EBIT Margin %	39.0%	40.3%	34.9%	32.6%	42.8%	41.3%	45.6%
EBITDA Margin %	65.4%	66.4%	62.0%	58.6%	60.7%	58.2%	65.3%
<b>INTEREST COVERAGE</b>							
EBIT / Interest Expense	5.2X	4.7X	4.3X	4.6X	7.1X	8.9x	10.1x
EBITDA / Interest Expense	8.6X	7.8X	7.7X	8.3X	10.0X	12.6x	14.4x
<b>LEVERAGE</b>							
Debt / EBITDA	3.1x	3.6x	3.5x	3.2x	2.3x	2.4x	2.4x
Net Debt / EBITDA	3.0x	3.1x	3.1x	3.0x	2.3x	2.0x	1.7x

All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Source: Moody's Financial Metrics™

## Ratings

Exhibit 12

Category	Moody's Rating
<b>URENCO LTD.</b>	
Outlook	Stable
Issuer Rating -Dom Curr	Baa1
<b>URENCO FINANCE N.V.</b>	
Outlook	Stable
Bkd Senior Unsecured -Dom Curr	Baa1

Source: Moody's Investors Service

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