



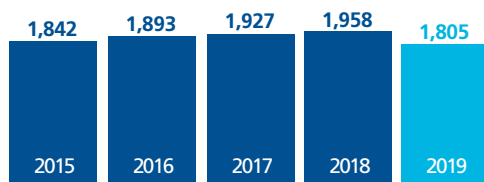
Annual report and accounts **2019**



FINANCIAL HIGHLIGHTS

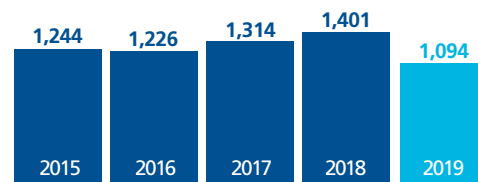
Revenue

€1,805m



Cash generated from operations

€1,094m



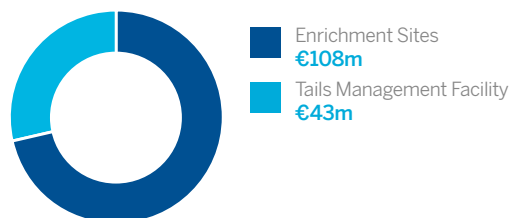
EBITDA¹

€1,220m



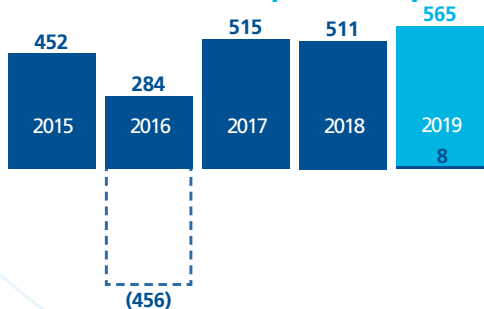
Capital expenditure²

€151m



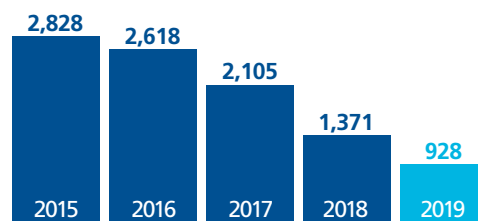
Net income/(loss)³

€8m post-exceptionals
€565m pre-exceptionals



Net debt⁴

€928m



¹ EBITDA is defined as earnings before exceptional items, interest (including other finance costs), taxation, depreciation, amortisation and joint venture results.

² Capital expenditure includes net cash flows from investing activities (excluding interest received) and capital accruals (included in working capital payables).

³ Net result in 2016 was net income of €283.8 million pre-exceptional items and net loss of €456.3 million post-exceptional items.

⁴ Net debt comprises loans and borrowings (current and non-current) plus obligations under finance leases less cash and cash equivalents and short term deposits.

CHAIRMAN'S FOREWORD

In 2019 we achieved robust underlying¹ financial results, safe and strong performances and agreed important new business with our customers. This comes against a backdrop of market and geopolitical challenges. In 2020, Urenco celebrates the 50th anniversary of the Treaty of Almelo, the international agreement that set up the company.

Global enrichment market

With nuclear energy providing approximately 10% of the world's electricity², it is vital that the nuclear industry receives a cost effective and diverse supply of uranium enrichment services as an integral part of the nuclear fuel cycle. Nuclear is the world's second largest source of low-carbon power³ and Urenco has a key role in sustaining this.

The enrichment market remains challenging, with lower prices increasingly reflected in the reduced value of our contract order book. Enriched uranium inventories mean that the market has excess capacity. We have adjusted the operation of our enrichment facilities to take account of the current market demand and are efficiently using uranium feed. Enriched uranium inventories are forecast to decrease in the mid-term. In 2019, we accepted new business at levels that will enable us to reinvest in our enrichment facilities. We have once again fulfilled all of our delivery commitments and our customer satisfaction remains high.

Political environment

We are well prepared for the UK's withdrawal from the European Union (EU) and Euratom Treaty. We have ensured our products are in the right locations across the world and have built up our stock of critical items.

Germany is continuing to phase out nuclear power. We are in regular contact, and communicating transparently, with the German authorities. We are confident that we are demonstrating our long-term, sustainable commitment to our operations in Germany and the positive contribution they make to the German economy, particularly in relation to the retention of skills and advanced technology.

In the United States, we are engaging with policy makers, on the nuclear fuel cycle and the future of uranium mining in the country. We are carefully analysing the debates to determine any potential impact they may have on our business activities and will continue to maintain our deliveries to US customers and others around the world.

Our positioning

We are a geographically diverse supplier with the benefit of four enrichment facilities in the UK, Germany, the Netherlands and the USA. This gives us unique expertise, diversity of supply and the ability to manage market and geopolitical risks. Our additional services in responsible nuclear stewardship and the production of stable isotopes, strengthen our position as a global leader in the nuclear industry.

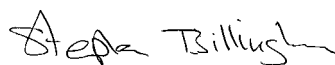
Our people

Our employees' development is vital for the continued long-term success of Urenco. We are constantly developing the internal training and progression programmes we offer. A key project in 2019 was a refresh of our values and brand to reflect our future direction. The result was based on the views of our employees and our main external stakeholders.

We are also strongly committed to investing in apprentices and new graduates. We now have more than 50 working across the organisation. Our global education initiative, the Richie programme, continues to thrive and we are strengthening our partnerships with the schools involved.

Our new Chief Executive Officer (CEO), Boris Schucht, joined us in May from 50Hertz in Germany and brings years of experience in the energy sector in Europe. 2020 will be my final year as Chairman of Urenco having joined the Board in 2009. In 2020 we will also be celebrating 50 years of Urenco. This is a significant achievement and preparations are underway to celebrate this milestone.

In my 11 years on the Board, I have been proud of and continuously impressed by the energy, expertise and commitment of our employees, whom I thank on behalf of the Board. Urenco has a bright future and I look forward to seeing the company continue to service the nuclear industry for the next 50 years.



Stephen Billingham, CBE
Chairman

¹ Underlying financial results relates to the financial results pre-exceptional items recorded in 2019.

² <https://www.world-nuclear.org/information-library/current-and-future-generation/nuclear-power-in-the-world-today.aspx>

³ <https://www.world-nuclear.org/information-library/current-and-future-generation/nuclear-power-in-the-world-today.aspx>

“

I have been proud of and continuously impressed by the energy, expertise and commitment of our employees.”



A middle-aged man with short, graying hair and glasses is smiling. He is wearing a dark suit jacket, a light-colored checkered shirt, and a red tie. He is sitting at a table, and his hands are visible at the bottom of the frame. The background is a light, neutral color. There are some faint, curved lines in the background, possibly from a window or a wall. The overall tone is professional and positive.

“

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.



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.



Utility Area, UUSA
Eunice, New Mexico, USA

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

CORE BUSINESS

MAKING A VALUABLE, LONG-TERM CONTRIBUTION TO SUSTAINABLE ENERGY PROVISION

Our core business and activity which generates the greatest profit is uranium enrichment services. This is supplemented by providing other fuel cycle products, nuclear stewardship and stable isotopes.



Skilled employees

We have the capability and knowledge to achieve our goals through the expertise of our 1,500 employees³.

Robust financial performance

Our contract order book extends to the first half of the 2030s with an approximate value of €10.6 billion.

Diverse and secure fuel supply

We have the benefit of four enrichment facilities in the UK, Germany, the Netherlands and the USA. Our Group head office is near London, UK.



Customer focussed

We have more than 50 customers in 19 countries and met 100% of our delivery commitments again in 2019.

Global production capacity

18,500 tSW/a at the end of 2019.

Responsible nuclear stewardship

Through two UK subsidiaries:

- Urenco Nuclear Stewardship – materials management, recycling and decommissioning.
- Urenco ChemPlants – deconversion, processing and storage services through our new Tails Management Facility.



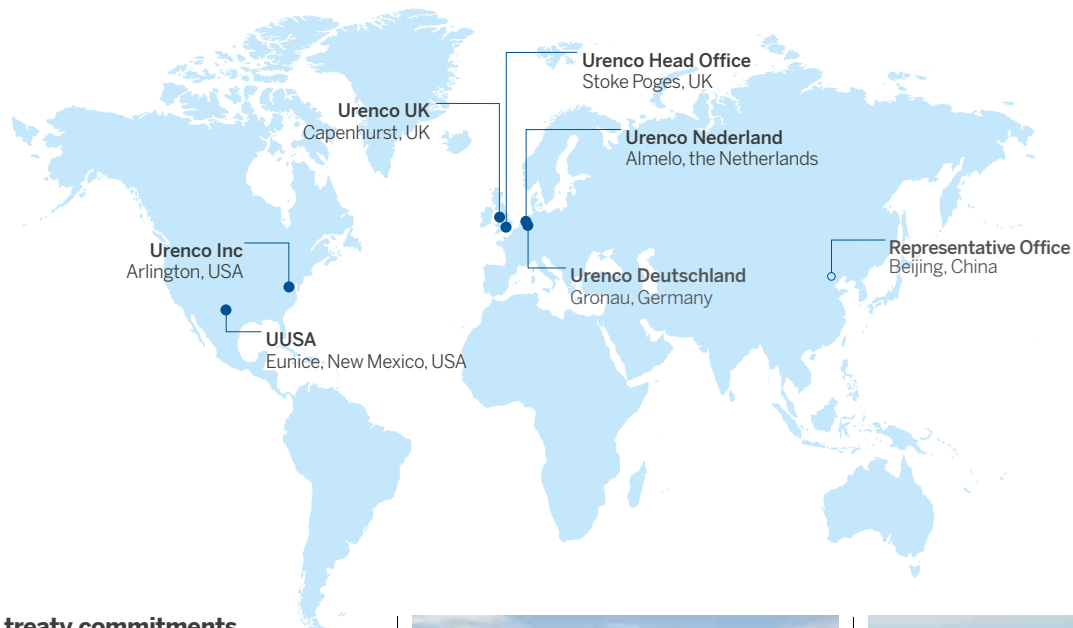
Expanding Stable Isotopes business

Based in the Netherlands and meeting rapidly growing demand for enriched and depleted isotopes of elements for medical, industrial and research applications.

Highly efficient technology

Provided by our joint venture company, Enrichment Technology Company Limited.

³ 81% of employees agree that Urenco has the capability and knowledge to achieve its goals. Organisational Health/Culture survey 2019.



Our treaty commitments

The Treaty of Almelo was signed in 1970 by the British, Dutch and German governments. This established robust safeguards to protect our technology from misuse and proliferation. As Ureco has grown, this international framework has been extended through treaties with the USA and France.

Security

The security of our sites and operations is paramount to protect our physical assets, people, IT systems and infrastructure. We are committed to preserving the privacy of personal data. We comply with relevant industry and regulatory standards.



Above left: **Ureco UK**
 Above right: **Ureco Nederland**
 Left: **Ureco Deutschland**
 Right: **UUSA**

OUR BRAND

Our purpose, vision, mission and values drive our strategic objectives and determine organisational culture.

Purpose

To be viewed as a respected, resilient and trusted supplier, believing that nuclear power is an essential part of the energy mix toward a more sustainable future. Through the use of our technology and expertise, we have a duty to help ensure everyone has the energy to succeed.

Vision

Through the expertise of our people, our technology and our portfolio of products and services, we play an essential role in delivering the energy to succeed.

Mission

To be a trusted leader in meeting the world's demand for sustainable energy.

Values



Safety

We are proud of keeping our people, the community and the environment safe and secure from harm and maintaining the reputation of our industry, products and services.



Integrity

We are honest, fair and respectful in how we conduct our business.



Leadership

We entrust our people to develop and support our leading role in the industry by being accountable, inclusive, collaborative and effective communicators.



Innovation

We have the energy, expertise and flexibility needed to help our customers and our business succeed over the long term.



Sustainability

We support the delivery of a successful long-term future by continuing to invest in our people, communities, technology and services and return value for our shareholders.



CASE STUDY

Urenco's brand refresh

Urenco's refreshed vision, mission, values and visual identity are designed to reflect the future business needs of our organisation and support the delivery of our strategic goals.

The work on refreshing our brand work was completed in 2019 to help to address different challenges, such as those posed by the geopolitical environment in which we operate and the enrichment market.

In an inclusive process, which incorporated feedback from employees through organisation-wide focus groups, and also from key external stakeholders, Urenco's new identity began to be rolled out in March 2019.

Our refreshed brand reflects the broader range of services we are offering the nuclear industry and the development of our organisational culture to support our long-term sustainability.

OUR STRATEGY

The Strategy 2020 project implementation successfully concluded. The key achievements were:

Pillar 1:

Optimise the way we do business

- We exceeded our target to achieve €300 million cash savings over three years, ending in 2019, and our sites are now working on additional ideas for cost reductions and efficiencies.

Pillar 2:

Ensure we remain a global leader in enrichment services

- We added new supplies of enrichment and conversion services and enriched uranium product to our order book.
- We opened a representative office in Beijing to support sales in this market.

Pillar 3:

Expand Urenco's high-tech capabilities to serve more broadly the nuclear industry

- Our Stable Isotopes business is expanding and our enhanced facility in the Netherlands is on schedule for completion in 2020 to provide new medical, industrial and research products.
- We are commissioning our new Tails Management Facility to responsibly manage the by-product of our enrichment services, which supports sustainable power generation.

Tails Management Facility
Capenhurst, UK

In 2019 we launched a new strategic planning process to refresh our strategy, which is centred around continuing to:

- Be reliable partners for our customers.
- Seek value and create new growth through new business opportunities.
- Ensure our people are at the heart of everything that we do, by being an employer of choice and maintaining a robust culture.
- Maintain a continuous drive to improve efficiency.
- Secure long-term and sustainable profitability.



OUR ORGANISATIONAL CULTURE

Through our employee engagement activities, Urenco aims to maintain high levels of employee commitment and satisfaction.



Marielle Smit
Organisational Culture Programme Manager

Organisational culture and health go beyond employee engagement. They are important to drive financial and strategic performance by aligning and executing a common vision underpinned through innovation and creative thinking.

As part of this, we believe that it is important to support Urenco's strategy by leveraging the voice of our employees to understand how the organisation is managed today and where areas of improvement lie.

Healthy organisations outperform their peers on a number of different metrics including employee engagement, staff turnover as well as customer satisfaction. We expect that by focusing on organisational health we will be able to define the behaviours that really matter in making our organisation as successful as it can be.

In order to understand Urenco's culture better, an organisational health/culture survey was conducted in October, with a strong response rate of 83%. It was supplemented by interviews held with a representative sample of managers from across the business.



Celebrating U winners at the United Nations Headquarters.

CASE STUDY Celebrating U

Celebrating U is Urenco's way of celebrating our employees – our most important asset. It is a way to recognise exceptional performance and contributions each year.

Our first Celebrating U event was held in Vienna this year and included an awards dinner at Schönbrunn Palace and tours of the United Nations Headquarters (UNHQ) and International Atomic Energy Agency (IAEA).

All employees attending the Celebrating U event were nominated by their managers in recognition of their excellence and commitment.

On a day-to-day basis employees can also show appreciation for each other through a 'Thank U' tool on the Urenco intranet. In 2019, there were almost 450 messages of thanks exchanged between colleagues and on average more than 2,000 visits to the intranet page every month.

The results showed our external orientation as a strength – our customer focus, competitive insights, business partnerships and community and government relations. Employee motivation is also strong.

A Culture Lead Team has been identified and throughout 2020 we will be working with employees to fully understand these results. We will create and implement action plans to attract and retain employees that bring the right skills and behaviours to support our future operational and commercial success.



Autoclaves, Urenco Deutschland
Gronau, Germany

OPERATIONAL PERFORMANCE

HEALTH AND SAFETY, SAFEGUARDS AND SECURITY

Safety is our main priority and a core value for Urenco.



We provide ongoing support for Governments and safeguards for inspectorates and institutions.”



Tails Management Facility
Capenhurst, UK



Chris Chater
Chief Operating Officer



Karen Fili (pictured)

Urenco appointed Karen Fili as President and CEO/Managing Director of our US facility, UUSA, on 1 January 2019.

She was recently named Bagley College of Engineering Distinguished Fellow, and joined Urenco from Southern Nuclear Operating Company, where she served as Site Vice President for Vogtle Units 3 and 4.

Karen has more than 30 years of experience in the nuclear industry and her leadership will support successful ongoing operations at UUSA.

Health and safety, safeguards and security

Our Zero Harm programme drives our strong safety culture and in 2019 our focus was on sharing and inspiring colleagues with good safety practices and behaviours. However, despite our best efforts, we had an increase in Lost Time Incidents (two compared to zero in 2018).

We believe that all injuries are preventable and we remain highly vigilant at all sites, undertaking the following initiatives in 2019:

- Safety observations
- Safety assessment/inspections/audits
- Safety meetings
- Safety training

Our security programme is of huge importance to us. In 2019, we reviewed and enhanced procedures around classification, site entry, suspicious/prohibited items, chemicals and improved cyber security controls.



Maintenance workshop
Urenco Nederland

Safeguards and inventory inspections continue to be regularly completed across the Group with our sites meeting all applicable international regulations and standards. We provide ongoing support for Governments and safeguards for inspectorates and institutions with the aim of strengthening global safeguards. In 2019 we hosted and contributed to an IAEA training course at our UK facility.

Asset integrity and health

Urenco enriches uranium using centrifuge technology, which we have designed and deployed.

Our technology has a number of benefits including:

- Low energy consumption
- High reliability
- Long continuous operating lifetime

We monitor continuously our centrifuges and associated plant systems to ensure they function reliably and effectively. This year they once again met their performance targets and proved their resilience during vigorous testing, including power loss situations. Another key part of our strategy is to perform regular 5S audits (sort, set in order, shine, standardise, sustain), conducted by cross-functional teams, in order to drive housekeeping improvements and meet our goal of achieving the highest industry standards in asset integrity.

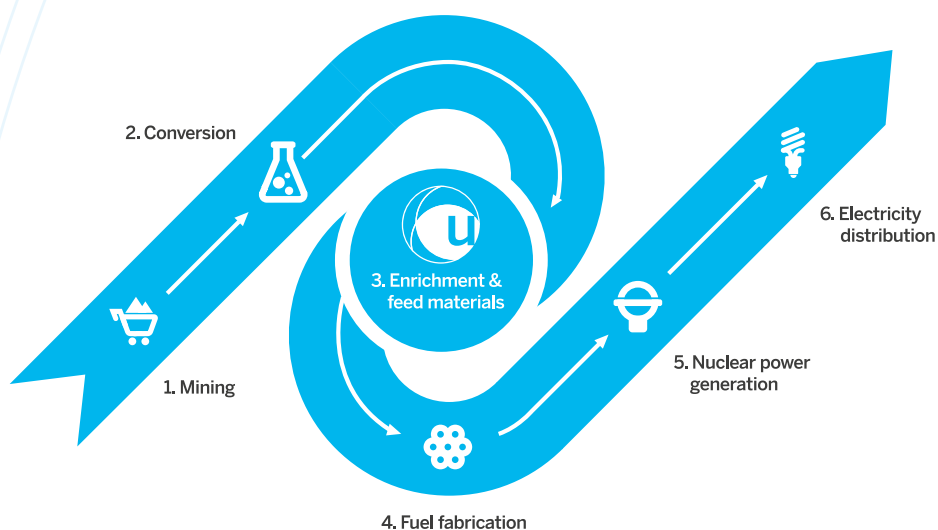
COMMERCIAL AND MARKETS OVERVIEW

SUPPLIER OF CHOICE

Our global reach and diverse offering with our plants in four countries means we are well placed to meet the needs of our customers around the world.

“Urenco takes customers and other stakeholders seriously. Urenco is also concerned about environmental and social issues and is contributing to a good future for the industry.”

Customer, 2019



We are proud of the quality, flexibility and reliability of our enrichment services. In 2019 we once again met 100% of our customer deliveries and provided a record volume of separative work units (SWU), which is how we measure the output of our enrichment services.

“Urenco has high quality products and professional services.”

Customer, 2019

We travel to see our customers in person on a regular basis, meeting them at a variety of locations, including nuclear sites and international conferences.

Our customers value learning about the enrichment process and our operations and to enable this we host tours of our facilities throughout the year. This high level of engagement is maintained by a dedicated team within the Commercial department.

Laurent Odeh
Chief Commercial Officer

“Urenco brings fuel supply stability, enrichment facility location advantage and price competitiveness.”

Customer, 2019

Our product offering

- Enrichment services
- Enriched uranium product
- Natural uranium
- Conversion
- U_3O_8
- Inventory storage and management

Our transportation and logistics

We place the highest importance on the safe and timely transportation of uranic materials at all stages of the enrichment process, working with specialist audited transport suppliers.

We have entered into a long-term agreement for a vessel to provide regular transatlantic shipments of uranic materials. This ensures security of supply and cost certainty for our customers.

Engagement with suppliers

We ensure that our suppliers operate to high standards by holding regular meetings with them and running audits of the services they provide.

We frequently meet with suppliers to maintain our relationships and assess performance against the contracts and service levels we agree.

We pay particular attention to our fuel cycle suppliers where the Commercial team run additional audits, supported by qualified auditors and subject matter experts from our enrichment sites.



They are held with all new suppliers and then repeated every three to five years.

The audits verify that our suppliers, and any sub-contractors, have satisfactory quality management systems and hold appropriate certifications. They also ensure that our suppliers operate ethically within suitable published codes of conduct. The audits are conducted alongside Urenco's standard Counterparty Due Diligence procedure, which is aligned with our values and standards, Code of Conduct and Anti-Bribery and Corruption policy (page 25).

“Urenco is a reliable supplier with integrity and honesty. Their company values reflect a pursuit of excellence¹.”

Customer, 2019

Ali Dyer (pictured)

Ali Dyer, Urenco's Chief Information Security Officer (CISO), was selected as one of SC Media UK's 50 Women of Influence for 2019.

Ali was recognised by the outlet as one of several leading women who command the most influence in the UK cyber security sector.

She leads Urenco's cyber security team, performing a critical role in ensuring our infrastructure remains safe and secure.



¹ Edited customer comments representing feedback from the 2019 reputation review.



SWU price

In March 2011 the enrichment spot price peaked at US\$155/SWU. Thereafter, there was a continuous decline to US\$34/SWU in August 2018, with no increase registered at any time during this period. Since then, the spot enrichment price, as reported by Tradetech and UxC, has moved upwards, reaching US\$47/SWU at the end of October 2019.

Reactor demand

Nuclear power capacity continues to grow and is focused in Asia, and especially in China. Urenco's recently opened representative office in Beijing will enable us to better explore the opportunities in this market. There are also positive signs in several Western countries with further investments in nuclear power, lifetime extensions of reactors and delays to the phasing out of nuclear power.

France will delay its planned reduction in the share of nuclear power in its electricity mix to 50% from the current 2025 target to 2035 and will look to close only 14 reactors by 2035. However, France has expressed an interest in initiating a nuclear new build programme and has asked EDF to prepare plans to construct up to six EPR nuclear reactors in the next 15 years.

Spain announced a postponement of its nuclear phase out, programming a progressive shutdown of its seven nuclear reactors between 2027 and 2035.

The USA has the world's largest fleet of nuclear reactors. Only two reactors were shut in 2019 for economic reasons. A further eight reactor shutdowns have been announced, which will take place by 2025. Several existing reactors successfully secured state financial support enabling their continued operation. Two new nuclear units are currently under construction and are scheduled to come online by 2022. Several nuclear power plants have applied for life extensions, which would extend the lifespans of reactor operations up to 80 years.

China continues to drive the global nuclear market with three new reactors scheduled to come online in 2019, after seven start-ups in 2018 (including the world's first AP1000s and EPR). In addition, six new projects with a combined capacity of seven gigawatts were approved for construction across Fujian, Guangdong and Shandong provinces.

The UK suffered two significant setbacks in 2019 to its nuclear programme, with the cancellation of the Moorside project and postponement of Wylfa Newydd. EDF's Hinkley Point C is the only project under construction in the UK.

SUSTAINABILITY

Our sustainability programme is at the core of Urenco's business.



Jayne Hallett
Director, Corporate Communications,
PR & Sustainability

Under our sustainability programme, we take into account how we operate, the impact we have and the decisions we make. According to McKinsey 'two thirds of businesses now consider a sustainability strategy necessary to be competitive today'.¹

We continue to make good progress in sustainability thanks to the dedication and commitment of our organisation-wide champions. For 14 years we have published a Sustainability Report and our programme is overseen and advanced by the Board Sustainability Committee (page 54).

In devising our programme we have aligned ourselves with the universal United Nations Sustainable Development Goals (SDGs), which are a blueprint to achieving a better and more sustainable future for all. A synopsis of how our business contributes to each goal can be found on our website.²

¹ <https://www.mckinsey.com/business-functions/sustainability/our-insights/the-business-of-sustainability-mckinsey-global-survey-results>

² <https://urencocdn.com/cdn/uploads/supporting-files/sdg.pdf>



CASE STUDY

Promoting a sustainable energy mix in the Netherlands

We believe the future energy mix needs a variety of low carbon options, including nuclear and renewables. Solar panels have been installed at our Dutch site as part of our ongoing commitment to carbon-free electricity generation.

The next phase of the project will involve the installation of 8,300 panels on the roof of one building.

Our Group sustainability champions focused on six core sustainability areas:

- Health and safety, safeguards and security – page 15;
- Environmental impact – page 20;
- Supplier of choice – page 16;
- Employee engagement/organisational health – pages 12 and 21;
- Stakeholder and Community engagement – pages 22 and 24; and
- Asset integrity and health – page 15.

In 2019, we held our second internal sustainability seminar at our UK site. This was an opportunity for the sustainability champions to network and discuss the key sustainability issues currently being faced by Urenco and initiatives that will continue to drive the business. The seminar will continue to run on an annual basis.



We believe the future energy mix needs a variety of low carbon options, including nuclear and renewables.”

Climate change

By furthering the decarbonisation of the electricity supply, our product supports progress towards a low carbon economy. We also take responsibility for our own carbon emissions. In 2019 our total emissions were 220,855 tonnes CO₂ – equivalent (24.31 tonnes CO₂e/tSW). This is a 5% reduction in emissions across the organisation compared to 2018.

Consumption of purchased electricity accounts for more than 95% of our total carbon emissions. Our electricity consumption across all four sites was reduced in 2019 (596 GWh, 2018, 588 GWh, 2019), mostly due to normal capacity decline and a decreased cooling demand resulting from milder conditions at our European sites.

Upgrades to the TC12 centrifuges in one unit in the Netherlands at the end of 2019 are expected to save around 1100MWh/year. We will install this upgrade in the remaining units in the Netherlands, as well as at our German and UK sites, in 2020. Pressure optimisation of the TC21 cascades in Germany was implemented at the end of 2019, and is expected to save approximately 450MWh/year.

We have projects to reduce the electricity demand of our lighting by increasing the use of LED bulbs and introducing sensors and timers.

We have started a project with Chester University to explore the potential for heat recovery at our Capenhurst site.

In 2020 we aim to reduce electricity use through efficiency measures, and will explore the options for setting a longer-term carbon reduction target. We are evolving our energy and carbon data systems and reporting in accordance with the requirements of the new Streamlined Energy and Carbon Reporting (SECR) UK legislation, and look forward to publishing our first set of results in line with this next year.



CASE STUDY

Urenco UK goes electric

November saw Urenco UK make a sustainable switch by reducing the size of its van fleet and choosing fully electric vehicles (EVs).

Previously, the Capenhurst site had 25 diesel vans supporting its business operations. The fleet has been reduced to 22, 16 of which are now EVs. The remaining diesel vehicles will be phased out in the near future.

Our German and Dutch sites also use electric vehicles by providing charging stations on site and there are plans to increase their use across the organisation.



Nuclear materials management

Responsible uranium stewardship is a vital part of the nuclear industry's licence to operate and an important element of our commitment to sustainability. We have expertise in responsible nuclear stewardship through our two UK subsidiaries, Urenco ChemPlants and Urenco Nuclear Stewardship. We have invested more than €1 billion in a state-of-the-art facility to manage the depleted uranium hexafluoride (UF_6) or 'tails' produced by our core enrichment services. By converting this material to stable uranium oxide (U_3O_8), we support its long-term safe storage pending reuse or final disposal. Further information is set out on page 26.

Water

In 2019 we reduced water usage across the Group by 4% compared to 2018. We mainly use water for cooling, and the volume used is largely dependent on the weather. In the future, we will be focusing on water management for all sites in water stressed regions, for example our US facility in New Mexico.

Diversity and inclusion

Diversity and inclusion (D&I) is a high priority for Urenco. We want to create a workforce that reflects the societies in which we operate.

We believe that promoting and supporting inclusiveness and making the most of diversity is good business, creates a safer workplace, enhances decision making, improves performance and most importantly is the right thing to do.

Progress is being made with the implementation of specific D&I targets, based on external best practice and peer company feedback. Our D&I Steering Committee has developed a set of objectives to support the successful delivery of the organisational key performance indicators.

We have set enhanced goals for recruitment, succession planning and training. We have already achieved our goal to train at least 80% of employees across the organisation, with 93% of employees completing D&I awareness training. Currently 17% of our senior managers are female and we have a target of increasing this to 20% by the end of 2021.

This year, Urenco has worked with EW Group – a leader on equality, diversity and inclusion – to run a series of focus groups and one-to-one interviews with select individuals from across the business to gather intelligence on what D&I means to our employees. As a result, we created 'Including U' – a global diversity and inclusion programme. It has included rolling out the aforementioned training and encouraging employees organisation-wide to become Including U Champions. They will identify, develop and implement a range of initiatives to support Urenco's D&I efforts.

A D&I policy statement has been published on the corporate website and our Long Term Incentive Programme (LTIP) contains targets linked to D&I (page 58).





Integral to our sustainability approach is our engagement with local communities in which we operate.”

Stakeholder engagement

Urenco's stakeholder policy outlines our approach to stakeholder engagement. We conduct mapping on a regular basis to ensure that the list of stakeholders with whom we engage is up to date. We log interactions with these individuals in a global stakeholder log so that any areas of particular interest or concern that may arise over the course of the year can be managed and mitigated.

The nuclear industry is greatly influenced by the political landscape and national policy. We review potential changes in policy and consult with relevant national stakeholders to ensure our decisions are informed and reflect the interests of those who matter to our business. Our Government Affairs team continues to monitor and engage with key political issues such as nuclear new build and the UK's withdrawal from the European Union and Euratom.

Integral to our sustainability approach is our engagement with local communities in which we operate. This ensures that local communities understand our business and support our social licence to operate.



We are also committed to increasing public understanding of the key role that nuclear power plays within a balanced energy mix. We host more than 2,500 visitors across our facilities each year including customers, community groups, government and industry. We also engage at regular council, local liaison and elected representative meetings.

We continue to channel our practical support through our volunteering policy, which provides all employees with eight hours per year to offer a service in their local community. The policy helps to strengthen relationships with local communities, allows employees to develop skills in areas such as teamwork and leadership, demonstrates a commitment to our core values and enhances our position as a good corporate citizen. In 2019 more than 2,800 employee hours were spent volunteering in local communities.

The first publication of our quarterly global stakeholder newsletter was issued in June 2019.

Our second reputation review was conducted in September 2019. The key findings were consistent with those in 2017 review, as follows:

- 100% believe Urenco is a sustainable, long-term partner for the nuclear industry.
- 100% said Urenco's Richie education programme is worthwhile in making a valuable contribution to the education of young people and communities.
- 93% said they have a 'very good' or 'good' opinion of Urenco and its business operations.
- 83% rated the quality of Urenco's communications as seven out of 10 or higher.
- 80% agree that Urenco lives up to its values of Safety, Integrity, Leadership, Innovation and Sustainability.

Stakeholders were also asked to describe Urenco's brand in three words. The top three words used were 'professional', 'safe' and 'reliable', followed by 'sustainable', 'trusted' and 'innovative'.

Tails Management Facility
official opening
Capenhurst, UK

Key stakeholder engagements in 2019

Stakeholder group	Type of engagement	Example topics raised	Achievements in 2019
Customers/suppliers	<ul style="list-style-type: none"> Regular contact (including visits to Urenco's sites) Press/news releases Social media 	<ul style="list-style-type: none"> Environmental data Customer deliveries 	<ul style="list-style-type: none"> Environmental data Customer deliveries
Employees	<ul style="list-style-type: none"> HUB App and Intranet Employee briefings/all-hands meetings/work councils Surveys 	<ul style="list-style-type: none"> Brand refresh Culture and strategy Safety Pension scheme 	<ul style="list-style-type: none"> More than 2,800 employee hours spent participating in a volunteering initiative Culture survey achieved a 83% response rate and 81% of employees agree that Urenco has the capability and knowledge to achieve its goals High number of employees participating in safety days
Pensioners	<ul style="list-style-type: none"> Meetings Pension bulletin Letters 	<ul style="list-style-type: none"> Information on investments Administrative changes Tax implications 	<ul style="list-style-type: none"> Meetings well attended Regular bulletins issued Prompt responses to all queries
Government/politicians/regulators	<ul style="list-style-type: none"> Regular contact (including visits to Urenco's sites) One-to-one meetings 	<ul style="list-style-type: none"> UK withdrawal from European Union and Euratom Nuclear fuel-cycle and uranium mining in the US Sanctions UK Nuclear Sector Deal 	<ul style="list-style-type: none"> Frequent site visits Regular political and regulatory meetings and involvement in working groups
Investors/shareholders/banks/rating agencies	<ul style="list-style-type: none"> Investor roadshows Shareholder working groups 	<ul style="list-style-type: none"> Market conditions Economic performance ESG ratings Decommissioning funds 	<ul style="list-style-type: none"> Regular one-to-one meetings Full year results presentation
Local communities/school children/apprentices/graduates	<ul style="list-style-type: none"> Local liaison and dialogue Practical and financial support Richie education programme 	<ul style="list-style-type: none"> Science education Sponsorships and donations Urenco's involvement in the nuclear industry 	<ul style="list-style-type: none"> Regular meetings with councils, local liaison committees and elected representatives Frequent site tours More than 80,000 students participated in the Richie programme globally
Media/social media	<ul style="list-style-type: none"> Tours of enrichment facilities News releases 	<ul style="list-style-type: none"> Financial results Nuclear stewardship High assay, low enriched uranium (HALEU) capabilities 	<ul style="list-style-type: none"> Several news releases per month Press interviews to highlight pertinent topics and key industry updates Weekly social media posts
Non-governmental organisations	<ul style="list-style-type: none"> Membership of industry associations 	<ul style="list-style-type: none"> Political landscape Public education Innovation and technology Opportunities in new markets 	<ul style="list-style-type: none"> Sponsored and exhibited at all leading industry events



Richie education programme

A key area of our community outreach is our Richie education programme, which aims to nurture an interest in science, technology, engineering and maths (STEM) by providing specific support to schools, colleges and universities.

Our focus on education enables us to engage with key stakeholder audiences/influencers that can be difficult to access, i.e. teachers, carers and next generations and create a greater understanding of nuclear energy.

The programme provides a practical and theoretical learning platform for local schools. This is achieved through the delivery of a series of science workshops to children of primary school age, primarily at locations local to Urenco's operational facilities and head office.

Since 2015, we expanded our reach into secondary schools through a partnership with the British Science Association (BSA), enabling us to launch Urenco's own 'CREST' digital resource. As a result of its success in the UK, we are supporting the BSA with their international expansion.

Our CREST resource was completely rolled out to the Netherlands in 2019. Further expansion of the resource is planned to take place in Germany and the USA in 2020.

In 2019, Urenco reached around 75,000 students with its digital resources and more than 8,000 with physical school workshops.

We continue to partner with key institutions, including the Science Museum in London, in order to raise awareness of the Richie education programme and expand our network of students, teachers and parents. In 2019 we continued to be a major sponsor of 'Wonderlab: The Equinor Gallery' in London's Science Museum and hosted our sixth annual Richie Lecture inside the show space of the gallery to more than 100 students. A video of the lecture is available on our website here: www.urengo.com/sustainability/material-areas/richie-education-programme

“

In 2019, Urenco reached around 75,000 students with its digital resources and more than 8,000 with physical school workshops.”

Students at Richie Lecture
Wonderlab: The Equinor Gallery
Science Museum

Ethical conduct

As a responsible business, Urenco is committed to upholding the highest ethical standards of professionalism, integrity and accountability.

Urenco's global Code of Conduct sets out a series of non-negotiable behaviours designed to ensure we protect the long-term interests of our business and the people who depend on us, including our employees, customers, suppliers, shareholders and communities.

Urenco is committed to having a culture whereby employees feel empowered to raise and openly discuss concerns about anything that does not conform to our Code of Conduct or any of Urenco's values. Managers are responsible for ensuring that concerns raised are taken seriously, are addressed promptly and any information given is treated in confidence.

Urenco has a whistle blowing mechanism in place for any employee who feels unable to raise concerns directly or does not believe that management has appropriately dealt with their complaint. This can be raised anonymously if preferred.

The organisation's whistle blowing mechanism can be accessed via an alert line. This is a free to call and confidential service to enable employees to report any concerns to an external and completely independent organisation.

These facilities are also available to customers or suppliers who may feel that they have witnessed any unethical or inappropriate behaviour by Urenco or any third party operating on its behalf.

Our Anti-Bribery and Corruption policy ensures our employees are aware of our zero-tolerance approach to bribery and corruption. We are committed to acting with integrity in all our business dealings and relationships wherever we operate and have similar expectations for our suppliers and customers.

Urenco is also committed to protecting the privacy and confidentiality of our people. This means that we all have a responsibility to keep personal data secure and observe the privacy of individuals.

In May 2018, Urenco and other businesses in Europe were subject to a new EU law on data protection – the General Data Protection Regulation (GDPR). This imposed stricter obligations on us as an organisation in relation to how we use the personal data which we control and hold. Privacy policies have been put in place to ensure Urenco adheres to the new legislation. Online GDPR training has been rolled out and completed for select employees in Urenco's UK, Dutch and German sites.



CASE STUDY

Giving back to US communities through the 9/11 day of service

In September, employees at our US site, UUSA, honoured those who were impacted by the events of September 11 2001, by working on home and community improvement projects.

During the 9/11 Day of Service, volunteers assisted senior citizens with repairs needed to improve their quality of living and also enhanced public spaces.

What started as a minor project in 2008 by a handful of employees, has evolved into an annual community service event with more than 200 volunteers participating. In total, more than 170 homes have been improved since the inception of this project.

INNOVATION

We will ensure we remain a global leader in the nuclear industry, with innovation as one of our key values. We are positive about nuclear and the sustainable energy it provides, the modern lifestyles it sustains, its role in achieving a net zero carbon world, its medical applications and other future innovative developments, such as quantum computing.

Tails Management Facility

This year we completed the construction of our Tails Management Facility (TMF) in the UK, achieving more than seven million hours of safe working. This made the TMF one of the safest construction sites in the UK.

The TMF was officially opened in June at a ceremony attended by senior representatives from UK Government, industry and the local community.

The facility will manage the by-product of our core enrichment services – depleted uranium hexafluoride (UF₆) or tails – by converting it to stable uranium oxide (U₃O₈) for long-term safe storage pending reuse or final disposal.

Active commissioning of the TMF is continuing. It is a key element in Urenco's commitment to sustainable energy generation and is a tangible demonstration of our responsible management of nuclear materials.

Urenco Stable Isotopes

Due to their versatility, our centrifuge technology is not limited to the separation of uranium isotopes. They can also be used for the separation of other isotopes – including cadmium, germanium, iridium, molybdenum, selenium, tellurium, titanium, tungsten, xenon and zinc – for medical, industrial and research applications.

In the early 1990s, the production of stable isotopes started as a diversification project at Urenco's enrichment facility in the Netherlands and it began operating as an independent business unit from the middle of that decade.

This is a growing market and we are expanding our facility to meet the demand, with enhanced operations expected to be live in 2020. We are looking forward to working with customers on new research and development projects, producing high quality and cost efficient products and solutions which will change lives – from the diagnosis of serious illnesses to super-fast computer processing power.



We will ensure we remain a global leader in the nuclear industry, with innovation as one of our key values.”

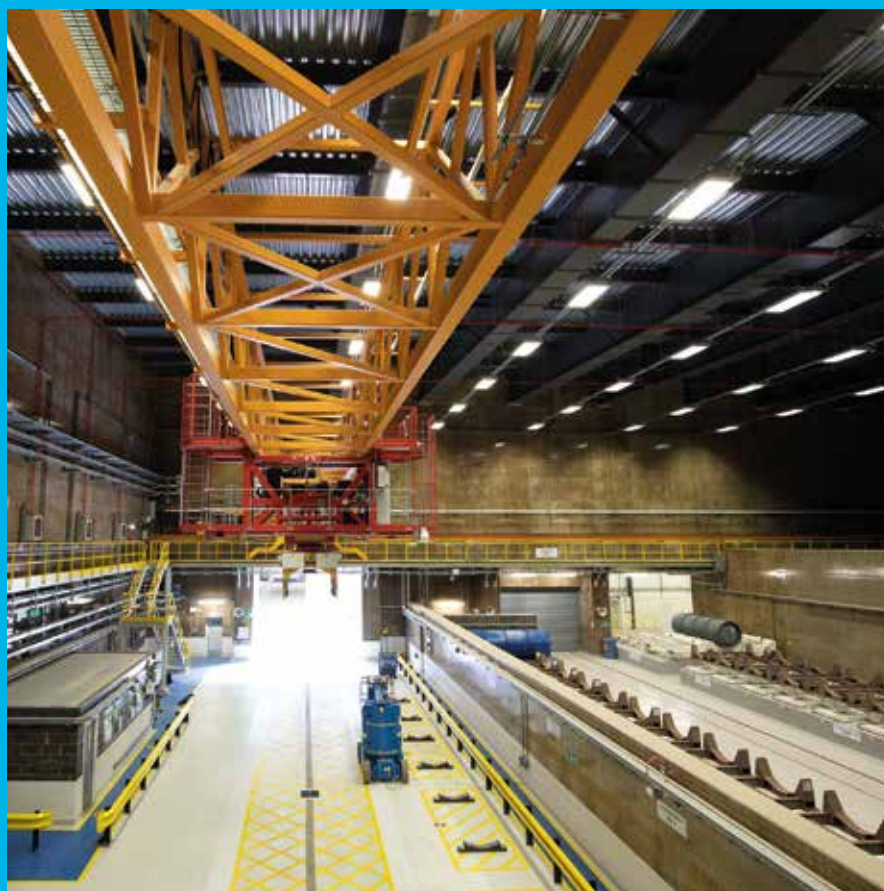
Next generation fuels

Urenco is exploring the provision of LEU+ (low enriched uranium +) – up to 10% U₂₃₅ enrichments which can be used for existing light water reactors seeking to achieve higher burnup rates and/or extended operating cycles.

We also remain committed to developing fuels for all new nuclear reactors, including advanced reactors and small modular reactor designs, such as U-Battery – a micro nuclear reactor we have been progressing with a consortium of partners and which is participating in the UK's Advanced Modular Reactor (AMR) programme.

This year our US site, UUSA, announced its capability to provide high assay low enriched uranium (HALEU) – U₂₃₅ enriched up to 19.75% – to be used for peaceful purposes in existing and new power plants as well as for research, test and medical isotopes facilities.

Urenco aims to retain its position as a global supplier of choice for these next generation fuels for civil nuclear reactors, and we are inviting customers to discuss their requirements in this area.



Tails Management Facility
Capenhurst, UK



Urenco Stable Isotopes
Almelo, The Netherlands

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management and mitigation is a key area of focus for Urenco. Across all areas of Urenco, we work hard to raise risk awareness and we have developed a range of measures to help identify, manage and mitigate potential risks and threats that could impact our business.

Our approach

Robust risk management is at the centre of our business ethos and operations. It is a vital component of our global leadership within the nuclear industry. As part of our Governance, Risk and Control framework, we follow best practice and ensure we comply with the rigorous legal requirements under which we operate.

Operating in a heavily regulated industry, we focus on early identification of risks and implementing appropriate risk evaluation and mitigation or avoidance strategies. Our Risk Management function works with our corporate functions and enrichment sites to ensure that a bottom-up risk management process is performed and captures key risks, their controls and planned actions. This is then consolidated and reviewed by our Group Executive Committee and Board.

Similarly, we operate a top-down risk management process to ensure that any strategic risks or uncertainties not captured by the bottom-up process are captured and assessed by both the Group Executive Committee and the Board on an annual basis. The Group Audit and Risk Management Committee is also responsible for reviewing the risk management process on an annual basis.

Our risk management framework is based on a ‘three lines of defence’ approach:



During the year, the Board has considered the nature and level of risk that we are prepared to accept in order to deliver our business strategies. The Board considers that the principal risks to achieving its strategic aims are set out here.

Risk	Mitigation
1. Safety	
Urenco operates in an environment subject to a wide range of health, safety and environment laws, regulations and standards. If we fail to comply with these requirements there is a risk that we will be subject to regulatory enforcement action, which is likely to adversely impact our employees, result in the imposition of restrictions on how we operate and could prove detrimental to our reputation.	<p>We seek to operate to the highest standards of safety to maintain a safe environment for our employees and stakeholders and have implemented safety management systems, designed to minimise risks and ensure compliance with safety standards through regular monitoring.</p> <p>We ensure we meet regulatory requirements, follow regulatory protocols for the safe handling of uranium and other chemicals and focus on continuous improvement and the detection and remediation of potential hazards before incidents can occur. By adhering to best practice in this area, we continually seek to ensure minimal impact on employees, contractors, the public and the environment.</p>

Risk	Mitigation
<p>2. Markets</p> <p>Ongoing challenging market conditions are likely to continue to impact opportunities for growth in both existing and new markets.</p>	<p>In an increasingly volatile and complex market environment we remain committed to ensuring that our business is as resilient as possible to meet these challenges. We continue to ensure that we are able to maximise our global reach, technical capabilities and flexible plant operations to support our ability to respond to changing market conditions, customer demands and opportunities.</p> <p>We also continue to model a broad range of market scenarios and stress test the effectiveness of our commercial strategies, mitigations and responses to new and emerging market threats and opportunities.</p>
<p>3. Safeguards</p> <p>There is a potential risk for uranic material to be misappropriated from our enrichment facilities or during its transportation to or from our customers and supply chain partners.</p>	<p>Urenco works closely with governments and regulators to create and comply with safeguard regimes and we continually maintain and review our uranium tracking methods on site. A common set of safeguards is applied across the organisation to ensure non-proliferation and prevent the misappropriation of uranic material.</p> <p>Our safeguard programmes are also supported by a rigorous accounting and audit approach to the uranic materials we keep on site to ensure that we consistently meet the stringent inspection criteria set by the International Atomic Energy Agency (IAEA), Euratom and other national and international regulators.</p> <p>The safety practices of our transportation partners are guided by the standards we set at Urenco. Such standards reduce the risk of an accident or the misappropriation of sensitive materials. We adhere to IAEA guidelines and all other national and international regulations regarding the transportation of fissile material. We place contracts only with approved companies and ensure we perform regular contract and performance monitoring audits.</p>
<p>4. Security and cyber crime</p> <p>We need to ensure the security of fissile material and our own technology and assets, particularly with regards to the increasing threat of cyber crime to the energy sector. This exposes Urenco to an ongoing risk of cyber attack which could result in loss or corruption of data or disruption to operations causing reputational damage.</p>	<p>We continue to work closely with the relevant government bodies, across the jurisdictions in which we operate, to ensure that we comply with all applicable national and international security requirements and understand the nature of new and emerging physical and cyber security threats.</p> <p>Each of our sites is also supported by dedicated security resources to control access to sites, actively screen all personnel, and ensure appropriate security policies and procedures are implemented. The effectiveness of security policies and arrangements are monitored and risk assessed on an ongoing basis by the Urenco Group Security function.</p> <p>Our cyber security and resilience capabilities are subject to regular review and risk assessment to ensure we have the ability to prepare for, respond to and recover from cyber events or attacks which have the potential to negatively impact Urenco.</p> <p>In 2019 we also created a clear roadmap to further enhance our threat intelligence and incident response capabilities to meet the challenges of the continually changing cyber environment. This initiative receives Executive-level sponsorship and is subject to regular independent assurance to ensure its effective delivery.</p>

Risk	Mitigation
5. Transport <p>The availability and willingness of third-party logistics providers, regulators or port authorities to transport or accept uranic materials may impact our ability to optimise the benefits of global infrastructure.</p>	<p>Where possible, we ensure the availability of alternative routes and maintain a portfolio of logistics partners to ensure continuity of deliveries. We work closely with our supply chain partners to engage with, and provide assurance to, port authorities and regulators regarding our compliance with international regulations regarding the transportation of fissile material.</p>
6. Political and regulatory landscape <p>Policy The nuclear industry remains a topic for debate with public and government opinion differing on its role in the future energy mix. In any jurisdiction, a change in government can bring about a change in policy, while unanticipated events can also change policy direction.</p> <p>Regulation Our operations and development are controlled by our ability to meet the stringent regulatory requirements of each country we operate in and supply. We are answerable to multiple national governments and subject to penalties if required standards are not met.</p>	<p>Urenco continually monitors nuclear policy around the world. We engage with policymakers and stakeholders to ensure that the benefits of nuclear as a sustainable, long-term and low-carbon source of energy are understood and considered as part of both the energy debate and future government policy.</p> <p>Urenco maintains compliance activities across the business. Our strong relationships with government regulators are managed locally by our Heads of Compliance at our enrichment sites, while our organisation-wide functions also maintain an open dialogue with both national and trans-national regulators (e.g. the IAEA) and other government agencies. All learning elicited from our engagement with regulators is then shared across the organisation through internal workshops and communications.</p>
7. Pricing <p>The market fails to recover to the level expected, resulting in future prices not being sufficient to support and sustain ongoing investment in enrichment capability and future centrifuge innovation and development.</p>	<p>We seek to ensure that our contracts with customers incorporate agreed forward pricing to mitigate price risk. While recognising that our responses to new market opportunities are competitive and offer a clear value proposition to our customers, we ensure that our future contracts do not compromise our ability to support and finance re-investment as well as the ongoing manufacturing and development of our enrichment technology.</p>
8. Geo-political risk <p>New and emerging geo-political risk creates significant uncertainty and volatility across global economies and global institutions. Movements away from political centrism, increased nationalist and populist sentiments and growing economic protectionism, allied to worsening diplomatic relations, all contribute to an increasingly volatile world, which has the potential to impact Urenco's ability to access or operate within certain international markets.</p>	<p>Urenco's ability to deploy the advantages of its geographical diversity across its operations and value chain provides a degree of resilience and redundancy against the potential impacts arising from global uncertainty and geo-political risks. We regularly assess and evaluate potential responses to a range of business and geo-political scenarios that may arise and ensure that appropriate continuity and mitigation plans are in place.</p> <p>We also seek to mitigate any financial impacts of potential risks, arising from increased political or geo-political uncertainty, through a combination of hedging against foreign exchange rate risk, adjusting fixed and floating rate borrowings through interest rate swaps, and ensuring that adequate medium-term committed funding is always available.</p>
9. Counterparty risk <p>Urenco is exposed to payment and default risk arising from worsening macro-economic conditions while transacting with both customers and other participants in the nuclear supply chain.</p>	<p>Urenco has robust customer on-boarding, monitoring and reporting procedures. We routinely assess the creditworthiness of Urenco's commercial counterparties and partners and seek to incorporate appropriate credit or payment protection into commercial agreements where appropriate.</p>

Risk	Mitigation
<p>10. Change management</p> <p>There is a risk that Urenco lacks the capability, experience and capacity culture to successfully design, execute and integrate major change programmes, acquisitions or infrastructure projects across the business.</p>	<p>Major change programmes and infrastructure projects are subject to appropriate governance structures and oversight frameworks seek to ensure the effective delivery of projects within expected cost and schedule parameters.</p> <p>Change programmes and projects are also subject to both independent internal and external audit and assurance reviews to monitor project performance and seeks to ensure appropriate controls and arrangements are in place to support early identification and resolution of risks and issues.</p> <p>An Organisational Health programme has been initiated and seeks to ensure we have a shared understanding of how Urenco's organisational health, culture and ways of working can best support Urenco in achieving its goals and delivering its strategic projects and change programmes.</p>
<p>11. Long term liabilities</p> <p>The cost and timing of Urenco's long-term nuclear activities are based on a number of management estimates relating to operational parameters and long-term cost assumptions, as well as being subject to external factors that Urenco can influence but not control, for example, government policy for long-term disposal costs of depleted uranium oxide (U₃O₈).</p>	<p>Urenco regularly reviews the assumptions and estimates that support its nuclear provisions, taking into account past experience, current research and potential future developments.</p> <p>In addition, Urenco continues to work with its regulators and government agencies, in partnership with other nuclear operators and stakeholders, to ensure that a sustainable and economically viable solution for the long-term storage of fissile material is developed.</p>
<p>12. Colleague retention and continuity</p> <p>We need to ensure we make the necessary investment in our people and succession planning processes to guarantee that we have the appropriate skills and experience to support Urenco's long-term sustainability.</p>	<p>Focused development and succession planning programmes are in place across the organisation to ensure that our colleagues' development plans are aligned with the organisation's needs and support the development of a sustainable pipeline of talent.</p>
<p>13. Brexit</p> <p>Urenco, as with other major corporate bodies, is likely to be affected by the complexity and interdependencies of potential risk outcomes presented by the UK's decision to leave the European Union and Euratom.</p> <p>Of particular significance for Urenco is the potential for the UK's withdrawal from the European Union to delay or interrupt both the movement and delivery of materials and to impact our ability to share uranic technical data and information between our UK and European operations.</p> <p>Also of significance are the potential impacts and associated risks that may arise from the new trading relationships that will be defined following the completion of the European Union (Withdrawal) Act. These are likely to include arrangements regarding new trading agreements, customs arrangements and other mutual recognition agreements between the UK, the EU and other third party countries</p>	<p>Urenco established a Working Group to ensure that we have a suitable level of preparedness to mitigate risks that emerge from both the withdrawal process and the subsequent redefining of the UK's relationship with the EU. Its focus will remain on ensuring that appropriate pre-planning arrangements are maintained in place to support continuous operations and delivery from all of our sites.</p> <p>Specifically, the Working Group will continue to:</p> <ul style="list-style-type: none"> • Assess the potential impacts of the UK's exit from the European Union, across a range of scenarios. • Evaluate Urenco's likely exposures across each of those scenarios. • Identify the mitigation and contingency plans required to mitigate the impact of risks arising from the withdrawal process and future trading relationship negotiations. • Ensure that the status and robustness of risk mitigation measures and contingency plans implemented are regularly reviewed. • Report regularly to the Board on the Working Group's deliberations.
<p>14. Critical suppliers</p> <p>Across our supply chain we are reliant on products and services, provided through a number of critical third parties. There is a risk that critical or single source suppliers are either unable or unwilling to continue to supply goods or services resulting in disruption or delay to operations.</p>	<p>A key element of the Group Procurement strategy is to ensure that the provision of critical services or products is supported by robust supplier risk assessment, ongoing supplier monitoring, the identification of alternative vendors and contingency planning processes seek to ensure appropriate responses are implemented to suppliers identified as being in distress.</p>

GROUP FINANCE REPORT

EBITDA¹ remaining broadly in line with last year, although revenue slightly down. Net income impacted by impairment charge on US assets and lower discount rates resulting in an increase in nuclear provisions.

Results for 2019

Revenue

Revenue for the year ended 31 December 2019 was €1,804.5 million, a decrease of 7.8% on the €1,957.7 million in 2018. Both SWU revenues and uranium-related sales were lower in 2019 by €53.5 million and €74.6 million respectively. For SWU revenues, volumes were slightly higher than the previous year but with lower average unit revenues. By contrast, uranium-related sales experienced significantly lower volumes but with higher realised unit prices. Other revenues decreased by €25.1 million compared to 2018, primarily as a result of lower sales at Urenco Nuclear Stewardship and losses associated with uranium-related commodity contracts.

EBITDA¹

EBITDA for 2019 was €1,219.6 million, an increase of €19.2 million (1.6%) from €1,200.4 million in 2018. The change in EBITDA reflects the different mix in customer deliveries between the two years satisfied from in-year production and inventories².



We have achieved another year of robust financial performance.”

Ralf ter Haar
Chief Financial Officer

In 2019 EBITDA also benefited from lower net costs of nuclear provisions (€19.4 million) and lower other operating and administrative expenses (€12.0 million).

The net costs of nuclear provisions (before exceptional items)³ were €154.7 million in 2019 compared to €174.1 million in 2018, a decrease of €19.4 million.

The net costs for tails provisions in 2019 were €8.2 million higher than those for 2018. The higher costs of tails provisions created arose due to the higher volume of new tails generated during 2019 and uplifts in the unit deconversion cost estimates of tails for both the European and US enrichment operations. The increased release from the tails provisions relates to the optimisation of operations and the impact of the reduction in higher assay tails associated with enrichment services contracts.

Tails provision movement³

	2019 €m	2018 €m	increase/ (decrease)
Additional provisions in the year	212.5	144.7	67.8
Release from provisions in the year	(88.8)	(29.2)	(59.6)
Net costs for provisions in the year	123.7	115.5	8.2

The net costs for decommissioning provisions in 2019 decreased by €66.8 million primarily due to a lower charge for additional provisions, with 2018 reflecting the triennial review of nuclear liabilities, together with a slightly higher release of provisions in the year associated with cylinder assets.

Decommissioning provision movement³

	2019 €m	2018 €m	increase/ (decrease)
Additional provisions in the year	-	65.9	(65.9)
Release from provisions in the year	(9.7)	(8.8)	(0.9)
Net costs for provisions in the year	(9.7)	57.1	(66.8)

The net costs for other nuclear provisions in 2019 increased by €39.2 million primarily as a result of changes to the forecasts for future re-enrichment of low assay feed.

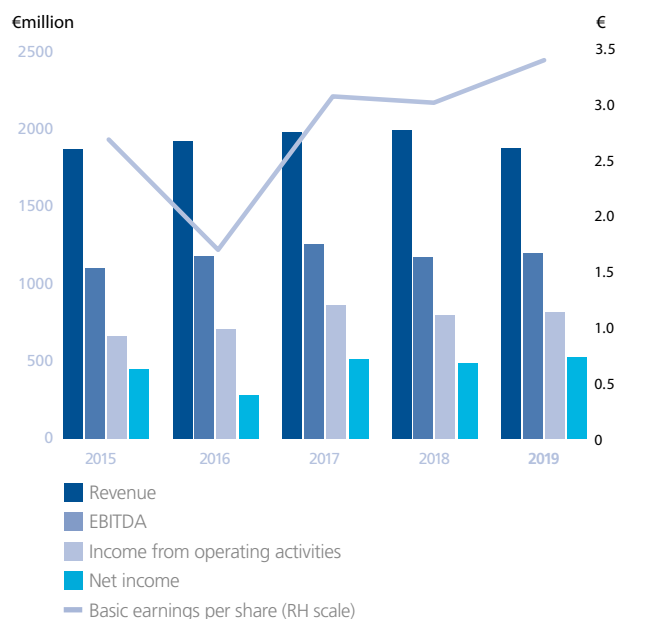
Other operating and administrative expenses⁴ were €424.7 million in 2019 compared to €436.7 million in 2018, a reduction of €12.0 million. In the first half of 2019 the assets and liabilities of the Dutch-defined benefit pension scheme were transferred to Pensioenfonds Grafische Bedrijven ("PGB"), a multi-employer pension scheme, which resulted in a loss of €6.9 million to the income statement. In 2018 a provision of €17.3 million was made for a potential bad debt associated with a specific customer and this position remained unchanged at the end of 2019. Adjusting for these two items, other operating and administrative expenses for 2019 were broadly in line with the prior year.

The EBITDA margin for 2019 was 67.6% compared to 61.3% in 2018, with the EBITDA margin in 2018 being adversely impacted by the triennial review of nuclear liabilities carried out in that year.

EBITDA performance

	2019 €m	2018 €m	% increase/ (decrease)
Income from operating activities pre-exceptional items	850.2	826.5	2.9
Adjustment for depreciation in inventories, SWU assets and nuclear provisions	18.6	47.5	
Add: depreciation and amortisation	356.2	329.2	
Adjustment for share of results of joint venture	(5.4)	(2.8)	
EBITDA	1,219.6	1,200.4	1.6

Financial performance (pre-exceptional items)



Exceptional items

Exceptional items totalling €643.0 million on a pre-tax basis (€557.2 million post-tax) were reported in 2019 (2018: €nil). The total net income tax credit associated with the exceptional items was €85.8 million (2018: €nil).

The majority of the charge relates to an impairment of the carrying value of the US operations of €500.0 million (€446.0 million post-tax), as a result of further downward pressure on long-term price forecasts for uncontracted SWU volumes, compared with those assumed at the time of the construction of the US operations and also since the impairment charge recorded in 2016. These pressures are due to a combination of factors, including premature closure of nuclear reactors due to economic reasons, primarily in unregulated markets, excess capacity in global enrichment and the build-up of surplus inventories.

In addition, an exceptional charge of €143.0 million on a pre-tax basis (€111.2 million post-tax) arose due to the increase in the value of nuclear provisions held by the European enrichment businesses following a revision to the discount rates applied to the provisions due to continued downward pressure on real interest rates in Europe. Of the €143.0 million, €111.3 million relates to tails provisions and €31.7 million relates to decommissioning provisions.

¹ EBITDA is defined as earnings before exceptional items, interest (including other finance costs), taxation, depreciation and amortisation and joint venture results and a reconciliation to income from operating activities (pre-exceptional items) is set out on page 96.

² Change to inventories of work in progress, finished goods and SWU assets in 2019 were €(5.5) million, (2018: €(146.5) million).

³ Excluding the increase in the value of nuclear provisions held by the European enrichment businesses following a revision to the discount rates, which is treated as an exceptional item.

⁴ Other operating and administrative expenses are defined as employee costs, other expenses and restructuring provision charges/releases but excluding any associated elements of depreciation. In prior years this term also included changes to inventories and SWU assets.

In 2016 the Group recorded a restructuring provision of €33.0 million associated with the implementation of Strategy 2020. In 2019, €2.9 million (2018: €2.3 million) of this restructuring provision was released to the Income Statement following a re-forecast of the costs to complete the restructuring programme. The release of restructuring provision in each of 2019 and 2018 has not been classified as an exceptional item as each was below the materiality threshold set out in the Group's policy on exceptional items.

Impact of exceptional items

	2019 €m	2018 €m
Income from operating activities – pre-exceptional items	850.2	826.5
Exceptional item (before tax) – US impairment	(500.0)	-
Exceptional item (before tax) – change in discount rates	(143.0)	-
Income from operating activities – post-exceptional items	207.2	826.5
	2019 €m	2018 €m
Net income – before exceptional items	564.8	511.3
Exceptional item (after tax) – US impairment	(446.0)	-
Exceptional item (after tax) – change in discount rates	(111.2)	-
Net income – after exceptional items	7.6	511.3

Net income

Net income after exceptional items was €7.6 million in 2019 (2018: €511.3 million).

Net income before exceptional items was €564.8 million in 2019, an increase of €53.5 million (10.5%) compared to the 2018 net income of €511.3 million. The net income margin before exceptional items for 2019 was 31.3% compared to 26.1% for 2018.

Depreciation and amortisation for 2019 was €356.2 million, compared to €329.2 million for 2018, with the higher charge in 2019 reflecting adverse impacts from movements in foreign exchange rates in addition to an increase in the depreciation of decommissioning assets following the triennial review carried out in 2018.

Net finance costs for 2019 were €107.1 million, compared to €106.0 million for 2018.

The net finance costs on borrowings (including the impact of interest rate/cross currency interest rate swaps) were €5.8 million higher at €81.1 million, reflecting the €9.9 million of costs associated with the repurchase and cancellation of €215.6 million of February 2021 Eurobonds. Underlying net finance costs were lower reflecting the lower levels of net debt in 2019, although this is partially offset by the lower levels of interest income on cash balances.

Where appropriate, foreign currency loan balances are placed in accounting hedge relationships, primarily by means of cross currency swaps. Where this is not possible the retranslation of the relevant unhedged loan balances (denominated in US dollars and euros but held by a sterling functional currency entity) generate gains/losses as a result of foreign exchange movements in the year. In 2019 the impact of this was a loss of €15.5 million (2018: €30.1 million loss) reflecting relevant unhedged balances and movements in foreign exchange rates. In 2019, the impact of ineffective cash flow hedges was €nil (2018: €6.4 million gain).

The increase in the unwinding of discounting on provisions was €10.3 million higher at €69.2 million, but this increase was largely offset by an increase in capitalised interest of €5.9 million to €62.4 million.

In 2019 the pre-exceptional tax expense was €178.3 million (an effective tax rate (ETR) of 24.0%), a decrease of €30.9 million over the tax expense of €209.2 million for 2018 (ETR: 29.0%).

The decrease in the ETR from 29.0% to 24.0% is driven by three factors: i) the impact of non-taxable and non-deductible amounts, including foreign exchange financing gains and losses that are excluded from tax under the UK Disregard Regulations (decrease of 4.7%); ii) the impact of adjustments in respect of previous years (decrease of 0.5%); and iii) changes in the relative proportions of profits and losses generated across the four jurisdictions in which Urenco operates (decrease of 0.4%) which are partially offset by the impact of changes in overseas tax rates (increase of 0.6%).

The post-exceptional tax expense of €92.5 million reflects the pre-exceptional expense of €178.3 million after the benefit of the €85.8 million net credit associated with the exceptional items.

Tails deconversion, storage and eventual disposal

Urenco provides for the costs of deconverting the by-product of the enrichment process (chemically converting tails from UF_6 to U_3O_8), interim and long-term storage, and eventual disposal. During the year the Group reviewed the costs associated with tails deconversion, storage and disposal.

Additional total tails provisions created in the year were €323.8 million (2018: €144.7 million), due to tails generated in the period, increases in the applied tails deconversion rates for both the US and European enrichment operations, and a change in discount rates. The impact of the additional total tails provisions created in the year includes the impact of the reduction in the real discount rate for the European jurisdictions. This increased tail provisions by €111.3 million, which has been charged to the consolidated income statement as an exceptional item.

Tails provisions utilised during 2019 were €42.5 million (2018: €34.5 million) and a provision release of €88.8 million (2018: €29.2 million) was recorded as a credit in net costs of nuclear provisions as a result of the impact of the reduction in higher assay tails associated with enrichment services contracts and the optimisation of operations.

Plant and machinery decommissioning

Urenco has an obligation under its operating licences to decommission enrichment facilities safely once they reach the end of their operational life. The costs associated with plant and machinery decommissioning are monitored on an ongoing basis and are also subject to a detailed, periodic review; the last such review was carried out in 2018.

During the year ended 31 December 2019 the decommissioning provision increased by €83.6 million (2018 increase: €125.8 million) due to revised assumptions relating to the decommissioning of plant and machinery of €66.3 million (2018: €123.0 million), the installation of additional plant and machinery of €13.6 million (2018: €0.3 million) and additional cylinder purchases of €3.7 million (2018: €2.5 million). The €66.3 million resulting from revised assumptions mainly relates to the impact of changes to discount rates of €64.9 million, of which €31.7 million has been expensed to the income statement as an exceptional item and €33.2 million has been recognised in decommissioning assets.

Decommissioning provisions utilised during 2019 were €8.9 million (2018: €8.9 million) and a provision release of €9.7 million (2018: €8.8 million) was recorded as a credit in net costs of nuclear provisions.

Further information on nuclear provisions can be found in note 30 of the Group's Consolidated Financial Statements.

Group pension funds

Urenco operates pension schemes for our employees in the Netherlands, UK and Germany. These are a mixture of defined contribution and defined benefit schemes.

In March 2019 the funds from the Dutch defined benefit pension scheme were transferred to Pensioenfonds Grafische Bedrijven ("PGB"), a collective third-party pension scheme, and from 1 April 2019 all historic and future pension liabilities are built up in PGB. The pension plan of PGB has all the features of a defined contribution scheme and UNL's pension obligation for each period will be determined by the amounts to be contributed to PGB for that period. As a result of the closure of the defined benefit pension scheme a loss of €6.9m was recognised in the income statement, comprised of a curtailment gain of €14.9m offset by a settlement loss of €21.8m. The net loss is presented as pension costs within employee costs. In addition, a gain of €6.9m was recognised in retained earnings, representing the recognition of the surplus net pension assets that had not been recognised at the date of closure. This gain is presented within other comprehensive income.

The net liability for the Group's defined benefit pension schemes at 31 December 2019 was €65.2 million (2018: €46.0 million). This increase was due to a €190.7 million decrease in the present value of the defined benefit obligations together with a decrease in the fair value of the plan assets of €209.9 million. Excluding the impacts of the Dutch pension curtailment from 1 April 2019 described above, the present value of the defined benefit obligations would have increased by €74.2 million due primarily to a reduction in discount rates and the fair value of the plan assets would have increased by €61.9 million.

In 2018, following the triennial valuation of the UK scheme, a revised deficit repair plan was agreed with the UK trustees. The plan includes deficit repair payments of £6.6 million annually until 2022. The trustees intend to manage the pension scheme so that the economic and investment risks will be reduced through the adoption of a more cautious investment policy and the use of interest and inflation derivative contracts.

Cash flow

Operating cash flow before movements in working capital was €1,288.3 million (2018: €1,293.8 million) and cash generated from operating activities was €1,094.3 million (2018: €1,401.0 million). The lower cash flows from operating activities primarily result from lower revenues and adverse movements in working capital compared to 2018.

Tax paid in the period was €141.5 million (2018: €119.3 million) due to the timing and phasing of cash payments which can often span multiple years.

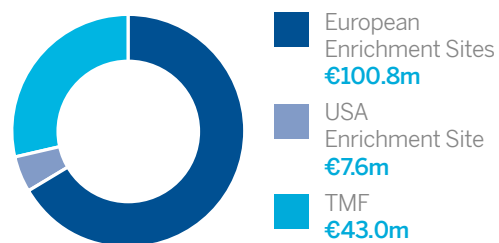
Net cash flows from operating activities were €952.8 million (2018: €1,281.7 million). Net cash flows from operating activities are used to finance investing activities, service the Group's debt, fund dividends to shareholders and, in the future, to fund the long term decommissioning and tails liabilities currently reported in provisions in the Group's Consolidated Statement of Financial Position.

Capital expenditure¹

In 2019 Group capital expenditure was €151.4 million (2018: €183.1 million), reflecting a lower level of expenditure on both core enrichment assets and the TMF. Expenditure on core enrichment assets is now broadly at a level forecast as part of our strategy and appropriate to maintain the existing fleet of enrichment assets for the near to mid-term.

Investment in TMF in 2019 was €43.0 million (2018: €76.0 million, 2017: €184.4 million) reflecting construction being completed in late 2018 and active commissioning is ongoing. Management's current forecast of the costs to complete TMF remain in line with those as at the end of 2018 and the associated cost estimates are included in the tails deconversion rate referred to above in the commentary on EBITDA and tails deconversion, storage and eventual disposal.

2019 Capital expenditure



Capital structure

The Group's equity decreased to €1,885.8 million during the year (2018: €2,119.8 million) due to a decrease in retained earnings of €310.0 million (reflecting the net income of €7.6 million and losses of €17.6 million in other comprehensive income for the year, together with €300.0 million of dividends paid), an increase in the foreign currency translation reserve of €95.8 million, primarily due to foreign exchange gains on property, plant and equipment held in US dollars as a result of the strengthening of the US dollar against the euro, and a decrease in the hedging reserve (including cost of hedging reserve) of €19.8 million. The movement in the hedging reserve is primarily associated with mark to market losses on cash flow hedges, which protect the Group's future revenues in foreign currencies.

Net debt² decreased to €928.1 million (2018: €1,370.9 million) including lease liabilities of €22.0m (2018: €nil).

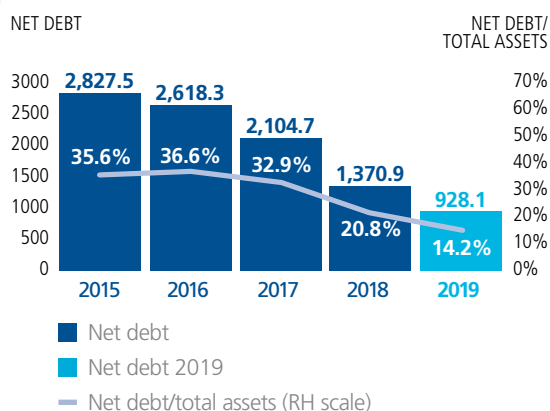
In 2019, the Group repurchased and cancelled €215.6 million of the February 2021 Eurobonds for a price of €225.5 million (104.6%). The transaction was completed in January 2019 for a total amount of €230.5 million, which included €5.0 million of accrued interest on these Eurobonds. As at 31 December 2019, a nominal amount of €534.4 million remained outstanding on the February 2021 Eurobonds.

Net debt to total asset ratio remained strong at 14.2% (2018: 20.8%), well within the Group's target ratio of less than 60%.

¹ Capital expenditure includes net cash flows from investing activities (excluding interest received) of €145.3 million and capital accruals (included in working capital payables) of €6.1 million.

² Net debt is defined in the Glossary on page 158 and the calculation of net debt is set out on page 126.

Net debt and Net debt/total assets



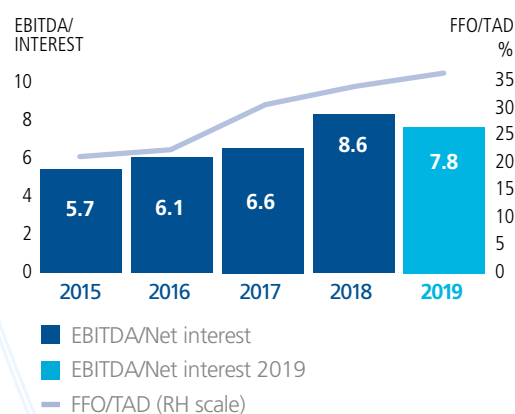
In 2019 the Group monitored its capital structure through the use of financial ratios, principally those of net debt to total assets and funds from operations to total adjusted debt (FFO/TAD). The Group targets an FFO/TAD ratio that results in a strong investment grade credit rating.

The FFO/TAD ratio at the end of 2019 was 38.2% compared to 34.3% at the end of 2018, due to an increase in FFO and a decrease in TAD. Further information on FFO/TAD can be found on page 122.

FFO was higher by €38.3 million due to slightly higher EBITDA and lower current tax expenses. TAD was lower by €171.4 million, primarily reflecting a decrease in net debt of €442.8 million but partially offset by an increase in tails and decommissioning provisions of €369.8 million. The increase in nuclear provisions reflects the increase in provisions arising during the year as well as the impact of the reduction of discount rates for both tails and decommissioning. Details of the FFO/TAD calculation are set out in note 28 of the Group's Consolidated Financial Statements.

The Group's interest cover also remains strong at 7.8x (2018: 8.6x).

Five-year summary funding ratios



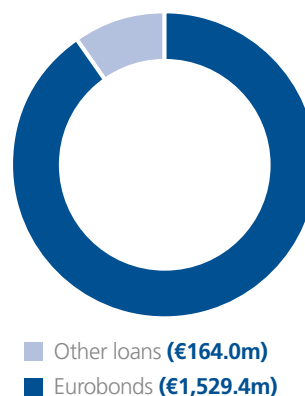
Funding position

Liquidity continues to remain strong as a result of cash flow generation. As at 31 December 2019, the Group had €750 million of committed undrawn revolving credit facilities which expire in June 2023, as well as cash, cash equivalents and short-term deposits of €787.3 million (2018: €531.2 million).

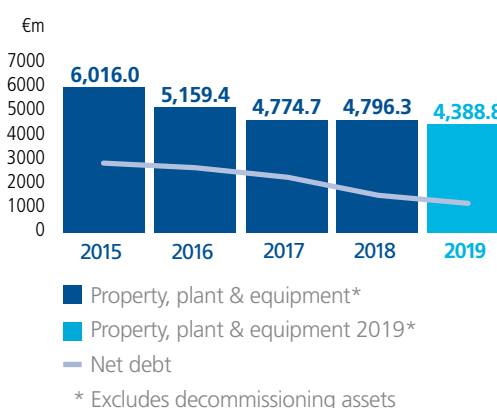
Our funding position remains robust and continues to be underpinned by our established contract order book, which gives high levels of revenue visibility and robust EBITDA margins, resulting in strong cash flow generation.

The Group's debt is rated by Moody's (Baa1/Stable) and Standard & Poor's (BBB+/Stable); these external ratings were unchanged during 2019.

Interest bearing loans and borrowings



Property, plant & equipment vs net debt



Funding programme

The Group's funding strategy is to:

- Maintain a core of longer-dated debt and committed borrowing facilities, consistent with the long-term nature of the Group's investments and the need to maintain an optimised long-term capital structure;
- Use a range of financial instruments and financial markets in order to execute attractive funding opportunities as they emerge; and
- Manage debt maturities by raising funds in advance of ultimate repayment dates of debt instruments.

The average time to maturity of the Group's debt at 31 December 2019 was 4.3 years (at 31 December 2018: 4.9 years).

Managing foreign currency risk

Our foreign currency hedging policy has the objectives of reducing volatilities in net cash flow and income, and to protect the income statement from balance sheet re-measurements of debt. However, a long-term reduction in income exposure is much more difficult to achieve due to the strict requirements with respect to hedge accounting under IFRS. The functional currency of Urenco Limited is sterling, although the company reports its results in euros.

The Group receives most of its customer revenues in US dollars and euros. The net cash flows of Urenco's European business have been hedged by selling US dollar customer revenue and buying forward the sterling required to meet the costs of the UK operations, and selling the remaining US dollars to buy euros. The net cash flows of Urenco's USA business have been used to pay US dollar denominated costs.

The Group hedges the impact of changes in foreign exchange rates by using a progressive rolling programme of buying and selling currency over a period of up to three years ahead of the current year. This medium-term hedging period strikes a balance between the objective of maximising cash flow certainty (which suggests a long hedging period) and the objective of maintaining a hedge portfolio that largely qualifies for hedge accounting under IFRS. Urenco has a stable future revenue stream that is managed using a portfolio of hedges. There is always an element of uncertainty due to changes in quantities and timing of deliveries based on market movements and customers' requirements, which makes it difficult to achieve effective hedge accounting over the longer term.

The Group has a total of €939 million (2018: €1,034 million) cross currency swaps, mainly to convert the economic exposure of part of the Group's debt from euros to US dollars that are then net investment hedged for Group accounting purposes. This better aligns the currency of the debt with the asset base and cash flows of the Group.

Urenco Group Financial Policy Statement

The Financial Policy Statement defines the broad parameters for financing the Urenco Group and has the agreement and support of all of our shareholders.

The Group will finance itself through a combination of equity, including retained reserves and debt. Due consideration is given to the Group's long-term unfunded nuclear liabilities when considering financing options. Urenco Limited cannot issue new equity without the agreement of all of its shareholders.

In order to achieve an efficient financial profile, the gearing level and financial ratios will be maintained to retain a solid investment grade credit rating for the Group.

At all times, the Group will maintain sufficient liquidity to ensure that it is a going concern and will manage the composition of its debt to minimise risks from market deterioration in liquidity, interest rates or currencies. Detailed treasury management policies set parameters for the management of these risks.

Dividend policy

The Group will aim to pay a dividend out of its annual earnings. The dividend shall be set to take account of net income, cash flows, reserves and the level of credit ratios. Until financial ratios comfortably exceed the minimum threshold for BBB+ at S&P and Baa1 at Moody's, the annual dividend will not exceed 100% of the net income for the year. A lower dividend may be set when credit ratios, cash flow or funding conditions dictate that this is necessary and, equally, a higher dividend may be declared when the minimum thresholds of the key financial ratios are comfortably exceeded.

In 2019, €300.0 million in dividends for the year ended 31 December 2018 were paid to shareholders (2018: €300.0 million).

The Board has approved that dividends of €300.0 million be paid on 18 March 2020. The level of the final dividend for 2019 is less than the net income (pre-exceptional items) but exceeds the level of net income (post-exceptional items). Consideration has been given to all of the following (i) the fact the net income (post-exceptional items) has been generated by adverse non-cash charges during the year; and (ii) the Group's favourable net debt position and credit ratios; and (iii) the availability of sufficient distributable reserves.

As at 31 December 2019, the Company had distributable reserves available of €1,059.3 million (31 December 2018: €956.3 million).

Order book

Urenco has a strong contract order book which extends into the 2030s with an approximate value at 31 December 2019 of €10.6 billion based on €/£ of 1 : 1.12 (2018: €11.9 billion based on €/£ of 1 : 1.15).

Outlook

Uranium enrichment is the heart of our business, complemented by services which benefit our customers and utilise our technology and core expertise. We continue to explore growing markets: in enrichment services through our new representative office in China; in Stable Isotopes through our extended facility in the Netherlands; and in nuclear stewardship through our two UK subsidiaries dedicated to this area, Urenco Nuclear Stewardship Limited and Urenco ChemPlants Limited.

The principal risks and uncertainties to which Urenco is exposed remain broadly in line with those disclosed in 2018. Our contract order book leaves us well-placed to meet challenges from the enrichment market. We have accepted new business at levels which give us optimism that customers understand the importance of having a market that can promote reinvestment. Enriched uranium inventories have led to excess capacity in the market, and we forecast they will further decrease in the mid-term.

Policy decisions in some European countries and North America support the nuclear industry, with investment in current reactors and delays to phase-outs of capacity. Investment in new nuclear is most pronounced in Asia, where the industry is growing rapidly. Our broad offering, and the large geographic reach of our four facilities, enables us to meet this demand and make a strong contribution to the need for sustainable energy globally to meet climate change goals.

We are also continuously monitoring and mitigating geopolitical challenges. Our sites are prepared for the UK's full withdrawal from the European Union and Euratom. We are confident we will continue to meet our global customer commitments and remain a long-term supportive partner to the nuclear industry.

EXECUTIVE COMMITTEE

The Executive Committee is responsible for the strategic decision making across the organisation. This includes annual budgets, business plans, performance objectives and risk and issue mitigation. It also oversees the Group and site operational activities – with a key focus on safety and security – and policies relating to employees and ethics to ensure the correct balance of skills and attributes across the organisation.

The members of the Executive Committee are:

Boris Schucht	Chief Executive Officer
Ralf ter Haar	Chief Financial Officer
Chris Chater	Chief Operating Officer
Laurent Odeh	Chief Commercial Officer

COMPANY STRUCTURE





Cascade Cooling Water System, UUSA
Eunice, New Mexico, USA

BOARD OF DIRECTORS

Matters reserved for the Board's decision include the approval of the strategic business plan; budget and financial statements; major capital projects, acquisitions and disposals; significant regulatory issues and important policies around environmental, health and safety issues. During 2019, the Board met six times.



Stephen Billingham

Chairman of the Board

Stephen joined the Urenco Board in September 2009 and was appointed Chairman in January 2016.

He is Chairman of Anglican Water Group and Senior Independent Director and Chairman of the Audit Committee at Balfour Beatty plc.

Stephen's previous roles include Chief Financial Officer of British Energy Group plc, Chief Financial Officer of WS Atkins plc, Executive Chairman of Punch Taverns plc, and Chairman of the Royal Berkshire NHS Foundation Trust.

He has an honorary DSc from Aston University and in 2019, he was awarded a CBE in the Queen's Birthday Honours list.



Boris Schucht

Chief Executive Officer (from May 2019)

Boris was appointed Chief Executive Officer of Urenco Limited and joined the Urenco Board in May 2019.

He joined from 50Hertz, the North-East German Transmission System Operator, where he held the position of Chief Executive Officer from 2010 until 2019.

Boris previously held a number of senior executive positions within the energy sector across Europe, including WEMAG AG and the Vattenfall Group. He holds an MA in Mechanical Engineering from the University of Aachen.



Ralf ter Haar

Chief Financial Officer

Ralf was appointed Chief Financial Officer of Urenco Limited in June 2014 and joined the Urenco Board in November 2014.

He joined Urenco from NXP Semiconductors N.V., where he was Senior Vice President and Corporate Controller. Prior to this, Ralf served as Alcatel-Lucent's Chief Financial Officer for the Asia Pacific Region, based in Shanghai, and its Global Head of Trade and Project Finance, based in Paris.

He started his career in banking, with ABN AMRO. He holds an MSc in Economics and an LL.M. in Business Law from the Erasmus University in Rotterdam.



Frank Weigand

Non-Executive Director and Chair of the Audit Committee

Frank joined the Urenco Board in November 2014.

After completing a PhD in Physics at the Max Planck Institute for Polymer Research, Germany, he joined McKinsey & Company Inc in 1996.

In 2001, he became Director of Strategy and Quality Management at RWE Systems in Dortmund, Germany. In 2005, he was appointed Director of Corporate Planning and Controlling at RWE Power AG before becoming Vice President Controlling Group of RWE AG. From 2010 to 2012, he became Chief Financial Officer of RWE npower plc in Swindon, UK. From 2013 to 2017, Frank was Chief Financial Officer of RWE Power AG and RWE Generation SE. Since January 2018, he has served as Chief Executive Officer and Chief Financial Officer of RWE Power AG.



Mel Kroon

Non-Executive Director and Chair of the Remuneration and Appointments Committee

Mel joined the Urenco Board in September 2018.

Mel has served as Chief Executive Officer at TenneT Holding B.V., Managing Director at Hooge Huys Verzekeringen N.V. and Deputy Chair of the Executive Board of SNS Reaal Insurance.

He currently serves as a Non-Executive Director at Ultra-Centrifuge Nederland N.V., Member of the Board Dutch-German Chamber of Commerce, Member of the Supervisory Board Koole Oil Terminals B.V., Chairman of the Supervisory Board Attero B.V., Member of the Supervisory Board TKH Group N.V., Chairman of the Supervisory Board Energyworx B.V., Member of the Supervisory Board Luchtverkeersleiding Nederland, Member of the Supervisory Board KVSA B.V., Member of the Advisory Board GroenLeven B.V., Chairman of the Advisory Board Rijkswaterstaat, Advisor to Drakestar/Improved B.V. and Advisor to Mitsubishi Corporation.



Miriam Maes

Non-Executive Director and Chair of the Sustainability Committee

Miriam joined the Urenco Board in October 2015.

After managing businesses for Unilever, ICI and the Marmon Group, in 2002 she became a European Executive of Texas Utilities and then Chief Operating Officer of non-regulated distribution networks for Électricité de France (EDF) in the UK.

This was followed by roles as Advisor to the UK Department for Energy and Climate Change, Chief Executive Officer of energy and climate change strategy consultancy Foresee, and Chair of the Energy Transition Forum for the German Marshall Fund of the United States.

Miriam served as Chairman of the Board of the ELIA Group and Non-Executive Director on the Board of Vilmorin & Cie. She is currently Chairman of the Supervisory Board of the Port of Rotterdam, Non-Executive Director on the Boards of Eramet, Assystem, and Ultra-Centrifuge Nederland N.V., and member of the Advisory Committee of the Total-Tikehau Investment Fund.



Alan Bevan

Non-Executive Director

Alan joined the Urenco Board in February 2015.

He is Senior Vice President and Global Head of Mergers & Acquisitions at E.ON SE, an international energy supplier based in Essen, Germany. Alan is also responsible for managing E.ON's shareholdings in Urenco, Nordstream 1 and Enerjisa Üretim and Enerjisa Enerji in Turkey. Alan has 30 years' experience in the energy and utilities sector and began his current role in 2010, prior to which he was responsible for Strategy and M&A at E.ON's UK subsidiary.



Justin Manson

Non-Executive Director

Justin joined the Urenco Board in January 2016.

He is Interim Chief Executive of UK Government Investments (UKGI), a company wholly-owned by HM Treasury. He joined UKGI in May 2015 as a Director. He was a Non-Executive Director and member of the Risk and Nomination Committees of UK Export Finance from 2015-2019. Justin was a Managing Director and Senior Adviser at Morgan Stanley from 1996 to 2013, based in New York and London.



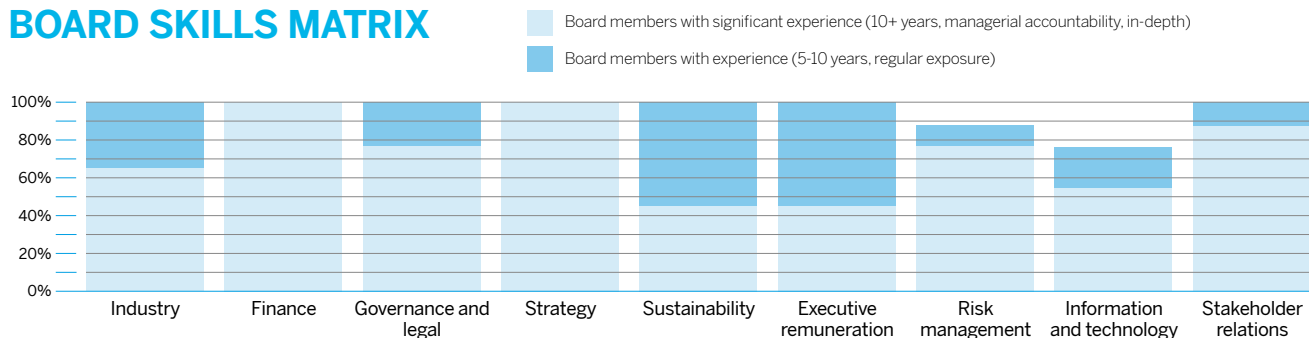
Richard Nourse

Non-Executive Director

Richard joined the Urenco Board in January 2009.

He is Managing Partner of Greencoat Capital LLP, the renewable energy and resource efficiency fund manager. Richard is also a Director of Enrichment Holdings Limited, the company through which the British government holds its shareholding in Urenco, having previously been a Director at the Shareholder Executive, part of the British government. Until 2007, he held senior positions at Merrill Lynch, including Head of the EMEA Energy and Power Team. Richard started his career more than 30 years ago with Morgan Grenfell.

BOARD SKILLS MATRIX



The Strategic Report was approved by the Board of Directors on 11 March 2020 and signed on behalf of the Board by:

Stephen Billingham

Chairman