Thursday 3rd March 2016

2015 Annual Results Presentation

Thomas Haeberle, Chief Executive Officer
Ralf ter Haar, Chief Financial Officer
Introduction by Stephen Billingham, Chairman
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Today’s Speakers

Thomas Haeberle
Chief Executive Officer

- Joined URENCO in December 2015 and was appointed CEO and member of the URENCO Board in January 2016
- Previously worked as President and CEO of Infracor GmbH and also served as President of Degussa’s Methacrylates, Building Blocks and Industrial Chemicals Business Unit
- He was appointed to the Board of Evonik Degussa GmbH in 2009 and Evonik Industries AG in 2011
- Gained a PhD in Chemical Reaction Engineering from the University of Erlangen-Nürnberg

Ralf ter Haar
Chief Financial Officer

- Joined URENCO in June 2014 and was appointed CFO and member of the URENCO Board in November 2014
- Previously worked as Senior Vice President and Corporate Controller at NXP Semiconductors N.V.
- Holds an MSc in economics and an LLM in business law from the Erasmus University in Rotterdam
Agenda

• URENCO: 2015 Highlights and CEO’s Strategic Review
  • 2015 Annual Financial Results
  • Outlook
  • Q&A
  • Appendix
2015 Highlights

- URENCO’s global enrichment capacity increased to 19,000 tSW/a at the end of 2015

- Capacity at URENCO USA has reached 4.6 million SWU; the regulatory approval is in place to expand future capacity at the site

- EBITDA of €1,167 million was 9% higher than 2014

- Strong order book extending beyond 2025 with an approximate value of €17 billion
Introduction to the Global Nuclear Market

Uranium enrichment is a high value-added part of the fuel cycle

- URENCO is firmly positioned in a high value-added part of the nuclear fuel cycle using world leading centrifuge technology
- We enrich uranium isotope 235 concentration from 0.7% to 4% - 5% for use in civil nuclear power stations

Notes
1. All percentages are approximate
Our mission is to be the supplier of choice within our sector and a key contributor to sustainable energy

Our five strategic pillars:

- Responsiveness
- International presence and collaboration
- Highly motivated and committed people
- Responsible long-term business
- URENCO’s centrifuge technology
• We encourage strong employee engagement with our Values and embed them across the organisation

Our five values:

- Safety
- Integrity
- Flexibility
- Development
- Profitability
URENCO has more than 50 customers in 18 countries

*Rest of World is predominantly Asia
URENCO is in an industry with high barriers to entry

— Politics, technology and costs limit the number of potential enrichers

— Many customers tend to spread their business across several enrichment providers and count URENCO Europe and LES (URENCO USA) as two suppliers
Our Enrichment Facilities

Almelo, The Netherlands
Current capacity: 5.4 million SWU/year

Gronau, Germany
Current capacity: 4.1 million SWU/year

Capenhurst, United Kingdom
Current capacity: 4.9 million SWU/year

Eunice, New Mexico, USA
Current capacity: 4.6 million SWU/year
URENCO USA
From groundbreaking to completion

2006
2010
2011

2013
2015
Tails Management Facility (TMF)
Capenhurst, UK

- The TMF will enable us to store, process and deconvert depleted uranium hexafluoride (UF₆) to stable uranium oxide
- The TMF is URENCO’s major capital expenditure project in 2016
- It is a component of URENCO’s approach to responsible uranium stewardship
- It illustrates our commitment to sustainability enabling URENCO to manage the by-product of the enrichment process
- The project is now progressing well; operations are planned to commence in 2017
Market Potential
Nuclear Power Overview

Source World Energy Outlook 2015: Nuclear power capacity additions and retirements by key region in the new policies scenario 2015-40
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## Financial Summary 2014 v 2015

<table>
<thead>
<tr>
<th></th>
<th>Full Year 2014</th>
<th>Full Year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>€m</td>
</tr>
<tr>
<td>Revenue</td>
<td>1,612</td>
<td>1,842</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,071</td>
<td>1,167</td>
</tr>
<tr>
<td>Income from operating activities</td>
<td>653</td>
<td>665</td>
</tr>
<tr>
<td>Net income</td>
<td>405</td>
<td>452</td>
</tr>
<tr>
<td>Net income margin - %</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Capital expenditure(^1)</td>
<td>537</td>
<td>517</td>
</tr>
<tr>
<td>Cash generated from operating activities</td>
<td>979</td>
<td>1,202</td>
</tr>
<tr>
<td>Net debt</td>
<td>2,774</td>
<td>2,828</td>
</tr>
</tbody>
</table>

**Note**

1. Capital expenditure reflects investment in property, plant and equipment plus the prepayments in respect of fixed asset purchases for the period.
Revenue
(€ million)

• Stronger USD (against EURO) was the major contributor to an increased top-line
• Supported also by additional SWU and Uranium volumes
EBITDA
(€ million)

- Sales margin increase reflecting increase in Revenue
- Increase in provisions following triennial review
- Revaluation gain on balance sheet items due to FX movements
Net Income
(€ million)

- Depreciation impacted by recent completion of USA investment and adverse FX movements
Cash Flow & Net Debt
(€ million)

- Actual 2014 Net Debt: 2,774
- Operating activities: 1,202
- Investing activities: 520
- Net interest: 129
- Income taxes: 122
- Dividends: 340
- FX & Other: 145
- Actual 2015 Net Debt: 2,828
Capital Expenditure

2015: €517 million

- USA – site construction complete
- The TMF is under construction at Capenhurst and operations expected to commence in 2017
- Once TMF is complete, lower run rate capital expenditure
**Group Net Finance Charges**

(€ million)

### 2014 Net Finance Charges

- Total: €132m
- Debt interest: 111
- Capitalised interest charge: 23
- FX on non-designated derivatives: 33
- Non-cash discount unwind on pensions and provisions: (35)

### 2015 Net Finance Charges

- Total: €132m
- Debt interest: 148
- Capitalised interest charge: 49
- FX on non-designated derivatives: (42)
- Non-cash discount unwind on pensions and provisions: (23)

### Key Credit Ratios:

- **Funds Flow from Operations / Total Adjusted Debt (FFO/TAD)**: 21.7% (2015) vs. 20.8% (2014)
- **EBITDA / Cash interest cover (times)**: 9.0x (2015) vs. 9.9x (2014)
Debt Structure

Debt maturity profile – net debt €2.8 Billion

Fixed: Floating mix

Debt Issuer mix

Currency mix

Fixed
94%
Floating
6%
EIB
16%
USPP
10%
Other
8%
Bonds
66%
EUR
46%
USD
23%
EUR swapped
31%
USD
23%
EUR
46%
Fixed
94%
Floating
6%
Liquidity and Financial Policy

• **Liquidity**
  – €925 million committed revolving credit facilities (RCFs) maturing H1 2017/19, undrawn at December 2015
  – No outstanding commercial paper
  – Cash balance €391 million at 31 December 2015, deposited with well rated banks

• Maintain strong investment-grade credit rating and healthy capital ratios in order to support long-term business success
  – Moody’s  Baa1 (stable)
  – S&P     BBB+ (stable)

• Committed funding to meet requirements beyond 2016

• **Financial Policy**
  – Dividend payments should not normally exceed earnings and be set lower to protect BBB+/Baa1 credit rating and only higher if ratings headroom exists
Taxation

Cash Tax Paid

- Substantial tax payer in Europe
- Not yet tax-paying in USA, as tax loss reliefs available for start up business
- The cash tax is above the accounting charge due to the phasing of payments on account

Consolidated tax charge

- Tax charge for 2015 was €81 million (2014 : €117 million)

Effective Tax Rate (‘ETR’)

- The Group’s ETR for 2015 was 15.2% (2014 : 22.4%)
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Outlook

- URENCO continues to have long-term financial stability through delivering on its order book, which extends beyond 2025

- URENCO receives two thirds of its revenue in USD and has benefitted from the strength of the currency. We mitigate currency exposure to the Euro by hedging – but cannot eliminate this exposure

- URENCO anticipates continued short to medium term pricing pressures until worldwide fuel inventories are reduced which may impact future profit margins

- Our geographical footprint continues to ensure we provide our customers with the best possible service delivery and the highest level of quality and expertise

- In the long-term, URENCO remains confident that the global nuclear industry will continue to grow. Challenge: to ensure we are part of that growth
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Update on Company Ownership

• Process is governed by principles of Treaty of Almelo and government non-proliferation policy
• Government and shareholder discussions continue.
All borrowing for the Group is undertaken by URENCO Limited and URENCO Finance NV.

In the case of the EMTN programme, repayment is guaranteed by URENCO Limited and certain key subsidiaries¹.

**Guarantors**

- URENCO Limited
- URENCO Finance NV

**Note** Major entities only. Simplified structure. ETC is held 22% by URENCO Limited, 28% by URENCO Deutschland. ¹. Subject to the terms and conditions of the notes. Refer to the Base Prospectus for further information.
### Timeline of URENCO key dates

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>Capenhurst and Almelo sites opened</td>
</tr>
<tr>
<td>1985</td>
<td>Group capacity reaches 5,000tSW</td>
</tr>
<tr>
<td>1992</td>
<td>Group capacity reaches 10,000tSW</td>
</tr>
<tr>
<td>2001</td>
<td>UUSA (Eunice, USA) site is opened</td>
</tr>
<tr>
<td>2005–06</td>
<td>UUSA Phase I construction is completed</td>
</tr>
<tr>
<td>2008</td>
<td>Board approves construction of USA Phase III</td>
</tr>
<tr>
<td>2010</td>
<td>UUSA Phase II starts operation</td>
</tr>
<tr>
<td>2011</td>
<td>UUSA Phase II is completed</td>
</tr>
<tr>
<td>2012</td>
<td>UUSA Phase III construction is completed</td>
</tr>
<tr>
<td>2013</td>
<td>Group achieved enrichment capacity target of 18,000 tSW/a</td>
</tr>
<tr>
<td>2014</td>
<td>Completion of capacity expansion programme at UUSA</td>
</tr>
<tr>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
</tr>
</tbody>
</table>

#### Regulatory
- **Treaty of Almelo (March ’70)**
  - Agreement between the Troika states for the development and exploitation of the gas centrifuge process used in the production of enriched uranium.
  - URENCO is incorporated

- **Treaty of Washington (July ’92)**
  - Agreement between the Troika states and the US government
  - Permits the transfer of classified information into the US – necessary for URENCO to open a facility in the USA

- **Treaty of Cardiff (July ’05)**
  - Agreement between the Troika States and the French Government
  - Permits the creation of the 50/50 joint venture with Areva
  - URENCO and Areva commit to ensure that they remain competitors in the field of enrichment

- **Treaty of Paris (Feb ’11)**
  - Agreement between the Troika States, French Government and US Government
  - Permits the transfer of ETC technology into the US

#### Operational
- **Capenhurst and Almelo sites opened**
- **Gronau site opened**
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