news release

3 September 2014

URENCO Group – Half-Year 2014 Unaudited Financial Results

London – 3 September 2014 – URENCO Group ("URENCO" or "the Group"), an international supplier of uranium enrichment and nuclear fuel cycle services, today announces its results for the half year ending 30 June 2014.

Highlights

- Revenues for H1 at €524 million in line with management expectations
- €750 million 7-year bond issue in February 2014
- Phase two of the Group's US enrichment facility is complete and Phase three construction continues on target
- Annual enrichment capacity reaches target of 18,000 tSW/a
- Tails Management Facility (TMF) in the UK is delayed and now due to commence commercial operations in 2017
- The enrichment market is currently facing pricing pressures although this is mitigated by the strong order book which stands at €16 billion

Financial highlights

	Six months to 30 June 2014 (unaudited) €m	Six months to 30 June 2013 (unaudited) €m
Revenue	**524**	384
EBITDA	**380**	319
EBITDA margin - %	**73%**	83%
Income from operating activities	**181**	125
Net income	**106**	43
Net income margin - %	**20%**	11%
Capital expenditure[(i)]	**236**	308
Cash generated from operating activities	**399**	302

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

Helmut Engelbrecht, Chief Executive of URENCO Group, commenting on the half-year results, said:

"During the first half of 2014 URENCO has continued to focus on delivering excellence in customer service. Our speed of response to customer requirements continues to enhance the long term nature of our customer relationships. We remain dedicated to serving the nuclear industry as a reliable and long-term partner.

Alongside other major organisations in the nuclear sector we continue to experience challenging market conditions. The impact from the uncertainty surrounding the timing of reactor re-starts in

Japan has reduced demand for nuclear fuel, increased worldwide inventories and has led to a slowdown of growth in the global enrichment market.

Throughout we continue to deliver value to our shareholders and the Directors have recommended a final dividend of €340 million for 2013 payable in 2014.

We are confident that the global nuclear industry will continue to grow over the next 25 years and URENCO will remain a trusted partner to its worldwide customers."

Financial Results

Revenue for the six months to 30 June 2014 was €524 million (H1 2013: €384 million). The increase of 36% on the first half 2013 is attributable to the phasing of annual customer deliveries which were significantly higher in the first half of 2014 compared to 2013 first half. EBITDA for H1 2014 increased by 19% to €380 million as compared to the first six months of 2013 (H1 2013: €319 million) mainly due to higher revenues. Net income for the six months to 30 June 2014 was €106 million, compared to €43 million in H1 2013, with higher revenues.

The Group invested €236 million (H1 2013: €308 million) mainly in new enrichment facilities in the USA and the Tails Management Facility (TMF) in the UK. The TMF has experienced some construction delays and the commencement of commercial operations is now expected in 2017, the cost implications of which are currently being investigated.

The Group achieved its annual enrichment capacity level of 18,000 tSW/a ahead of the 2015 target.

Inventories increased in the six months to 30 June 2014 by €111 million (30 June 2014: €464 million; 31 December 2013: €353 million) primarily due to production across the Group remaining constant in an environment of reduced demand.

Cash generated from operating activities was €399 million (2013: €302 million). This increase was mainly due to the higher level of sales in the period and a positive movement in working capital.

Tax paid in the period was €59 million (H1 2013: €80 million). Net cash flow from operating activities was €340 million (H1 2013: €222 million), a 53% increase on 2013.

The tax charge in H1 2014 was €21 million (H1 2013: €19 million charge) as a consequence of higher profits subjected to a lower effective tax rate of 16% (30 June 2013: 30%).

Net finance costs for H1 2014 were €54 million, compared to €63 million in H1 2013.

The final dividend for the year ended 31 December 2013 as approved in March 2014 was €340 million, €170 million (50%) of which was paid in April and with the remaining amount due to be paid to shareholders in October 2014.

- **Finance**

URENCO raised €750 million via a 7-year bond issue with a coupon of 2.5% which will mature in 2021. The Group also renewed €750 million of revolving credit facilities with its banks with a maturity of 2018 and 2019.

- **Sector leader**

The long term nature of the nuclear industry enables URENCO to have good visibility of contracted demand for enrichment services. Currently URENCO's customer commitments extend beyond 2025. The total order book stands at €16 billion**. URENCO continues to be a leading provider of enrichment services to the nuclear power industry with a global market share of around 30%*.

Outlook

Following the increased revenue level in H1 2014, revenues in H2 2014 are expected to be lower than H2 2013 reflecting the phasing of customer delivery patterns.

Continued pricing pressures are anticipated, alongside a relative slowdown of the nuclear market and increased worldwide inventories in the coming years. However, the nuclear industry is a long term business and it is vital to take a long term view so customers know they can rely on URENCO as a provider. Nuclear generation is predicted to grow over the next 25 years and remains an essential element in a balanced energy mix that is required to meet the world's growing energy needs.

*Based on URENCO internal estimates.
** Based on €/$ 1.4

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About URENCO Group

URENCO is an international supplier of enrichment services with its head office based close to London, UK. With plants in Germany, the Netherlands, the UK and in the US, it operates in a pivotal area of the nuclear fuel supply chain which enables the sustainable generation of electricity for consumers around the world.

Utilising URENCO's own world leading centrifuge technology, URENCO provides safe, cost-effective and reliable uranium enrichment services for civil power generation within a framework of high environmental, social and corporate responsibility standards.

For more information, please visit www.urenco.com

DEFINITIONS

Revenue – Revenue from sale of goods and services.

Net Income – Income for the period/year attributable to equity holders of the parent.

EBITDA – Earnings before interest (including other finance costs), taxation, depreciation and amortisation and joint venture results (or income from operating activities plus depreciation and amortisation, plus joint venture results).

Order book – Contracted and agreed business, estimated on the basis of "requirements" and "fixed commitment" contracts.

Separative Work Unit ('SWU') – The standard measure of the effort required to increase the concentration of the fissionable U235 isotope.

Net Debt – Loans and borrowings (current and non-current) plus obligations under finance leases less cash and cash equivalents.

Net Finance Costs – Finance costs less finance income net of capitalised borrowing costs and including costs/income of non-designated hedges.

Tails (Depleted UF6) – Uranium hexafluoride that contains a lower concentration than the natural concentration (0.711%) of U235 isotope.

Disclaimer

This press release is not intended to be read as the Group's statutory accounts as defined in section 435 of the Companies Act 2006. Information contained in this release is based on the 2013 Consolidated Financial Statements of the URENCO Group, which were authorised for the issue by the Board of Directors on 4 March 2014. The auditor's report on the 2013 Consolidated Financial Statements of the Group was unqualified and did not contain a statement under section 498 of the Companies Act 2006. The Group's 2012 statutory accounts have been delivered to the registrar of companies and the Group's 2013 statutory accounts will be delivered to the registrar of companies in due course.

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

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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Six months ended 30 June		Year ended 31 December
	2014	2013	2013
	Unaudited	Unaudited	Audited
	€m	€m	€m
Revenue from sale of goods and services	**523.5**	384.4	1,514.6
Work performed by the Group and capitalised	**8.5**	7.1	15.1
Changes to inventories of finished goods and work in progress	**121.1**	178.9*	(10.0)*
Raw materials and consumables used	**(3.6)**	(2.9)*	(7.2)*
Tails provision created	**(80.5)**	(60.7)	(127.0)
Employee benefits expense	**(84.1)**	(79.5)	(155.9)
Depreciation and amortisation	**(198.5)**	(187.5)	(396.8)
Other expenses	**(104.8)**	(108.2)	(261.7)
Share of results of joint venture	**(0.7)**	(7.0)	(12.8)
Income from operating activities	**180.9**	124.6	558.3
Finance income	**18.5**	13.1	38.3
Finance costs	**(72.4)**	(76.0)	(132.7)
Income before tax	**127.0**	61.7	463.9
Income tax expense	**(20.6)**	(18.7)	(127.3)
Net income relating to the period/year attributable to equity holders of the parent	**106.4**	43.0	336.6
Earnings per share:	**€**	€	€
Basic and diluted earnings per share	**0.6**	0.3	2.0

* The presentation of SWU and Feed purchases has been amended, purchases are now taken directly to the inventories line of the Statement of Financial Position and expensed through the changes to inventories of finished goods and works in progress in the period or year they are consumed. Previously SWU and Feed purchases were expensed as raw materials and consumables used and then credited through the changes to inventories of finished goods and work in progress when not consumed in the period or year. This presentation change has no impact on net income or total equity.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June		Year ended 31 December
	2014 Unaudited	2013 Unaudited	2013 Audited
	€m	€m	€m
Net income	**106.4**	43.0	336.6
Other comprehensive income:			
Items that may be reclassified subsequently to the income statement			
Cash flow hedges – transfers to revenue	**(5.8)**	3.1	3.3
Cash flow hedges – mark-to-market	**18.5**	(57.8)	38.6
Net investment hedge – mark-to-market	**45.2**	(61.4)	74.8
Deferred tax on hedges	**(2.1)**	5.9	(16.1)
Current tax on hedges	**0.8**	-	-
Exchange differences on hedge reserve	**0.6**	6.3	6.6
	57.2	(103.9)	107.2
Exchange differences on foreign currency translation of foreign operations	**(42.8)**	69.7	(96.4)
Share of joint venture exchange difference on foreign currency translation of foreign operations	**(0.3)**	0.9	(0.4)
	(43.1)	70.6	(96.8)
Items that will not be reclassified subsequently to the income statement			
Actuarial gains/(losses) on defined benefit pension schemes	**(14.9)**	3.6	6.0
Current tax on actuarial gains / (losses)	**1.0**	0.1	-
Deferred tax on actuarial gains / (losses)	**(0.3)**	0.2	(1.1)
Surplus on defined benefit pension schemes	**-**	-	8.4
Share of joint venture actuarial losses on defined benefit pension schemes	**(2.6)**	-	0.5
Share of joint venture deferred tax on actuarial losses	**-**	-	0.1
Utility partner payments	**-**	-	(0.3)
Deferred tax on utility partner payments	**-**	-	0.1
	(16.8)	3.9	13.7
Other comprehensive income / (loss)	**(2.7)**	(29.4)	24.1
Total comprehensive income relating to the period/year attributable to equity holders of the parent	**103.7**	13.6	360.7

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2014 Unaudited €m	30 June 2013 Unaudited €m	31 December 2013 Audited €m
ASSETS			
Non-current assets			
Property, plant and equipment	**5,069.9**	4,894.5	4,932.9
Investment property	**5.8**	-	5.8
Intangible assets	**66.8**	84.1	75.2
Investments	**0.6**	0.5	0.5
Financial Assets	**7.2**	6.1	6.1
Derivative financial instruments	**78.5**	41.5	82.3
Deferred tax assets	**222.8**	233.5	217.5
	5,451.6	5,260.2	5,320.3
Current assets			
Inventories	**463.9**	459.3	353.2
Trade and other receivables	**295.8**	249.7	462.4
Derivative financial instruments	**31.2**	4.1	17.6
Income tax recoverable	**-**	17.0	-
Cash and cash equivalents	**120.9**	49.1	90.2
	911.8	779.2	923.4
TOTAL ASSETS	**6,363.4**	6,039.4	6,243.7
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	**237.3**	237.3	237.3
Additional paid in capital	**16.3**	16.3	16.3
Retained earnings	**1,585.1**	1,532.1	1,835.5
Hedging reserve	**65.4**	(202.9)	8.2
Foreign currency translation reserve	**(159.7)**	50.8	(116.6)
Total equity	**1,744.4**	1,633.6	1,980.7
Non-current liabilities			
Trade and other payables	**119.3**	126.7	133.2
Obligations under finance lease	**-**	0.1	-
Interest bearing loans and borrowings	**2,428.0**	2,414.4	2,308.7
Provisions	**1,014.2**	866.7	948.6
Retirement benefit obligations	**67.5**	66.2	57.3
Deferred income	**39.5**	36.7	37.8
Derivative financial instruments	**34.5**	80.8	31.4
Deferred tax liabilities	**79.4**	61.9	80.9
	3,782.4	3,653.5	3,597.9
Current liabilities			
Trade and other payables	**432.1**	476.4	253.7
Interest bearing loans and borrowings	**382.3**	207.1	356.1
Provisions	**5.2**	8.8	9.1
Derivative financial instruments	**4.8**	27.8	3.3
Income tax payable	**10.6**	6.8	41.3
Deferred income	**1.6**	25.4	1.6
	836.6	752.3	665.1
Total liabilities	**4,619.0**	4,405.8	4,263.0
TOTAL EQUITY AND LIABILITIES	**6,363.4**	6,039.4	6,243.7

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital €m	Additional paid in capital €m	Retained earnings €m	Hedging reserves €m	Foreign currency translation reserve €m	Attributable to equity holders of the parent €m
As at 31 December 2013 (Audited)	237.3	16.3	1,835.5	8.2	(116.6)	1,980.7
Income for the period	-	-	106.4	-	-	106.4
Other comprehensive income	-	-	(16.8)	57.2	(43.1)	(2.7)
Total comprehensive income	-	-	89.6	57.2	(43.1)	103.7
Equity dividend payable	**-**	**-**	(340.0)	-	-	(340.0)
As at 30 June 2014 (Unaudited)	**237.3**	**16.3**	**1,585.1**	**65.4**	**(159.7)**	**1,744.4**

	Share capital €m	Additional paid in capital €m	Retained earnings €m	Hedging reserves €m	Foreign currency translation reserve €m	Attributable to equity holders of the parent €m
As at 31 December 2012 (Audited)	237.3	16.3	1,755.2	(99.0)	(19.8)	1,890.0
Income for the period	-	-	43.0	-	-	43.0
Other comprehensive income	-	-	3.9	(103.9)	70.6	(29.4)
Total comprehensive income	-	-	46.9	(103.9)	70.6	13.6
Equity dividend payable	**-**	**-**	(270.0)	-	-	(270.0)
As at 30 June 2013 (Unaudited)	**237.3**	**16.3**	**1,532.1**	**(202.9)**	**50.8**	**1,633.6**

	Share capital €m	Additional paid in capital €m	Retained earnings €m	Hedging reserves €m	Foreign currency translation reserve €m	Attributable to equity holders of the parent €m
As at 31 December 2012 (Audited)	237.3	16.3	1,755.2	(99.0)	(19.8)	1,890.0
Income for the period	-	-	336.6	-	-	336.6
Other comprehensive income	-	-	13.7	107.2	(96.8)	24.1
Total comprehensive income			350.3	107.2	(96.8)	360.7
Equity dividends paid	-	-	(270.0)	-	-	(270.0)
As at 31 December 2013 (Audited)	237.3	16.3	1,835.5	8.2	(116.6)	1,980.7

Additional paid in capital
This represents the 21.7% shares given to URENCO Limited by its shareholders in 2006 as additional paid in capital bringing the URENCO holding in ETC to 50%.

Hedging reserve
The hedging reserve is a separate component of equity used to record changes in the fair values of cash flow hedging instruments and net investment hedges in accordance with the Group's accounting policy.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and the parent entity into the euro presentational currency.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June 2014 Unaudited €m	Six months ended 30 June 2013 Unaudited €m	Year ended 31 December 2013 Audited €m
Income before tax	**127.0**	61.7	463.9
Adjustments to reconcile Group income before tax to net cash inflows from operating activities:			
Share of joint venture results	**0.7**	7.0	12.8
Depreciation and amortisation	**198.5**	187.5	396.8
Finance income	**(18.5)**	(13.1)	(38.3)
Finance cost	**72.4**	76.0	132.7
(Profit) / loss on write off of property, plant and equipment	**0.2**	-	-
Increase in provisions	**11.9**	34.4	67.1
Operating cash flows before movements in working capital	**392.2**	353.5	1,035.0
Increase in inventories	**(116.7)**	(204.0)	(83.2)
Decrease/(increase) in receivables	**227.8**	160.9	(110.7)
(Decrease)/increase in payables	**(104.7)**	(8.9)	38.9
Cash generated from operating activities	**398.6**	301.5	880.0
Income taxes paid	**(59.1)**	(79.6)	(135.7)
Net cash flow from operating activities	**339.5**	221.9	744.3
Investing activities			
Interest received	**27.5**	9.9	25.2
Proceeds from non designated derivatives	**-**	-	0.9
Proceeds from property, plant and equipment disposal	**0.4**	-	-
Purchases of property, plant and equipment	**(214.5)**	(198.2)	(438.6)
Increase in prepayments in respect of fixed asset purchases (i)	**(21.1)**	(109.3)	(148.2)
Purchase of investment property	**-**	-	(5.7)
Purchase of intangible assets	**(0.2)**	(0.7)	(1.9)
Increase in investment	**-**	(0.1)	(0.1)
Net cash flow used in investing activities	**(207.9)**	(298.4)	(568.4)
Financing activities			
Interest paid	**(76.7)**	(54.5)	(114.4)
Payments in respect of non designated derivatives	**-**	(1.1)	-
Dividends paid to equity holders	**(170.0)**	-	(270.0)
Proceeds from new borrowings	**745.9**	201.1	320.3
Repayment of borrowings	**(604.7)**	(114.3)	(117.2)
Repayment of finance lease liabilities	**-**	-	-
Net cash flow from financing activities	**(105.5)**	31.2	(181.3)
Net (decrease)/increase in cash and cash equivalents	**26.1**	(45.3)	(5.4)
Cash and cash equivalents at beginning of period/year	**90.2**	95.7	95.7
Effect of foreign exchange rate changes	**4.6**	(1.3)	(0.1)
Cash and cash equivalents at end of period/year	**120.9**	49.1	90.2