news release

5 March 2015

URENCO Group – Full Year 2014 Audited Financial Results

Retained market leading position and strong financial standing

London – 5 March 2015 – URENCO Group ("URENCO" or "the Group"), an international supplier of uranium enrichment and nuclear fuel cycle services, today announces its results for the full year ended 31 December 2014.

Summary

- Revenue of €1,612.0 million was 6.4% higher than in 2013
- Resulting EBITDA of €1,070.8 million was 10.6% higher than 2013
- Net income was €404.5 million, 20.2% higher than in 2013
- Good progress was achieved on Phase III capacity project in the USA
- The UK Tails Management Facility (TMF) is now planned for commissioning in 2017
- All customer deliveries were met on time and to a high standard
- Group enrichment capacity target of 18,000 tSW/a has been reached

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

"URENCO has achieved a good set of results despite experiencing challenging market conditions which is a credit to the contribution of the URENCO workforce.

We have achieved our capacity target of 18,000 tSW/a and have focused on consistently demonstrating excellent customer service. This year, as in previous years, we have continued to meet our customers' needs by providing quality product and on-time delivery.

There remains uncertainty surrounding reactor restarts in Japan. This increases the worldwide inventories of nuclear fuel, which puts pressure on pricing.

We will remain flexible in our response to changing market conditions and continue to support our customers in order to retain our position as supplier of choice."

Financial performance

	2014	2013	Change
	€m	€m	%
Revenue	**1,612.0**	1,514.6	6.4
EBITDA	**1,070.8**	967.9	10.6
Income from operating activities	**652.9**	558.3	16.9
Net income	**404.5**	336.6	20.2
Net income margin - %	**25.1%**	22.2%	2.9pp
Capital expenditure(i)	**537.1**	586.8	(8.5)
Cash generated from operating activities	**979.2**	880.0	11.3

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

Financial Results
URENCO's total revenue in 2014 was €1,612.0 million, compared to €1,514.6 million in 2013, representing a 6.4% year-on-year increase. This rise is driven by additional SWU deliveries.

EBITDA of €1,070.8 million was 10.6% higher than 2013 (2013: €967.9 million) reflecting higher sales, foreign exchange gains and some operational efficiencies.

Net income increased by 20.2% to €404.5 million (2013: €336.6 million), due to improved results and a reduction in the Group's effective tax rate.

Net finance costs were €131.7 million (2013: €94.4 million). This increase is mainly a consequence of significant strengthening of the US dollar against the euro.

Cash flow
Operating cash flows before movements in working capital were €1,132.7 million (2013: €1,035.0 million) and cash generated from operating activities was €979.2 million (2013: €880.0 million) as a result of higher revenues.

Net cash flow from operating activities increased in 2014 to €833.5 million (2013: €744.3 million), due to higher revenues partially offset by higher tax paid in the period of €145.7 million (2013: €135.7 million). In 2014, €340 million in dividends was paid to shareholders (2013: €270 million).

Capacity and capital expenditure
The Group invested a total of €537.1 million in 2014 (2013: €586.8 million) which reflects a reduction in investment at our USA enrichment site and a slight reduction in expenditure on our UK TMF site.

URENCO achieved an annual enrichment capacity level of 18,000 tSW/a during the year, ahead of the 2015 target.

Depreciation was €417.9 million in 2014 compared with €396.8 million in 2013. The higher level was due to new capacity coming online in the USA.

In 2014 URENCO completed Phase II of its capacity expansion project at URENCO USA, ahead of schedule and on budget. We are progressing well with the Phase III capacity project in the USA – part of the biggest capital investment in the history of the Group. The first 50% of Phase III capacity is scheduled to be fully operational by the end of 2015, increasing site capacity to 4,700 tSW/a. A slowed installation of the remaining capacity is planned to start in 2016 to reflect the current market conditions, with the total anticipated capacity not being reached until into the next decade.

The TMF is a major commitment and constitutes one of the single largest investments that URENCO has undertaken in the UK. The TMF has incurred cost overruns and delays and the resolution of issues relating to its construction will be a priority in the year ahead. The TMF is now planned for commissioning in 2017.

Capital structure and funding position
Net debt increased to €2,774.0 million (2013: €2,574.6 million). The Group's net debt to total asset ratio remained strong and, at 38% (2013: 41%), is in line with the Group's target ratio of less than 60%.

In February 2014, URENCO issued €750 million of 7 year bonds with a 2.5% coupon and maturity date of 2021. At the same time the Group announced a tender offer which resulted in a repurchase of €170 million of the €500 million bonds due in May 2015. In December 2014, URENCO issued €500 million of bonds with a 2.375% coupon and a maturity date of 2024.

During the year URENCO negotiated extensions to €750 million of revolving credit facilities until 2018 and 2019.

In 2014, both Fitch and S&P confirmed their rating for URENCO at A- and BBB+, respectively, and improved the outlook of their ratings from "negative" to "stable". Moody's maintained their Baa1 rating, also with a stable outlook.

Sustainability
In recognition of the increased importance of sustainability in industry, URENCO created a Board level Sustainability Committee. Six focus areas have been introduced and embedded within the company. Safety remains a key priority at URENCO but regrettably there was an increase in the number of Lost Time Incidents (LTIs) to eleven in 2014, compared to one in 2013. We will refocus our attention in this area to ensure we keep the occurrences of LTIs to an absolute minimum.

Leading market position
URENCO continues to have long term visibility of future revenues with an order book which extends beyond 2025. The value of URENCO's order portfolio on a comparable basis, at 31 December 2014, was €16 billion (2013: circa €17 billion).

Outlook
URENCO anticipates pricing pressures and the slow market to continue in the near term. The Group recognises that the nuclear industry is a long term business and will continue to provide its customers with the best possible service delivering the highest level of quality and expertise. The nuclear sector is expected to grow in the future and URENCO is well positioned to help customers meet their requirements for a secure supply of enrichment services.

- ENDS-

Contact
Jayne Hallett
Director of Corporate Communications
+44 1753 660 660

Oliver Buckley / Kira Scharwey
Madano Partnership
+44 20 7593 4000
oliver.buckley@madano.com
kira.scharwey@madano.com

About URENCO Group
URENCO is a leading provider of uranium enrichment services to the world's nuclear energy industry. The URENCO Group head office is located close to London, UK. With plants in Germany, the Netherlands, the UK and in the USA, 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 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 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 and short-term deposits.

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 2014 Consolidated Financial Statements of the URENCO Group, which were authorised for issue by the Board of Directors on 4 March 2015. The auditor's report on the 2014 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 2013 statutory accounts have been delivered to the registrar of companies and the Group's 2014 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.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2014

	2014 Results for the year €m	2013 Results for the year €m
Revenue from sales of goods and services	**1,612.0**	1,514.6
Work performed by the Group and capitalised	**18.1**	15.1
Changes to inventories of work in progress and finished goods	**2.7**	(10.0)*
Raw materials and consumables used	**(8.8)**	(7.2)*
Tails provision created	**(149.2)**	(127.0)
Employee benefits expense	**(168.5)**	(155.9)
Depreciation and amortisation	**(417.9)**	(396.8)
Other expenses	**(235.5)**	(261.7)
Share of results of joint venture	**-**	(12.8)
Income from operating activities	**652.9**	558.3
Finance income	**35.5**	38.3
Finance costs	**(167.2)**	(132.7)
Income before tax	**521.2**	463.9
Income tax expense	**(116.7)**	(127.3)
Net income for the year attributable to the owners of the Company	**404.5**	336.6
Earnings per share	**€**	€
Basic and diluted earnings per share	**2.4**	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 in 2013, SWU and Feed purchases of €95.5 million 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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2014

	2014 €m	2013 €m
Assets		
Non-current assets		
Property, plant and equipment	**5,483.9**	4,932.9
Investment property	**5.8**	5.8
Intangible assets	**64.4**	75.2
Investments	**0.7**	0.5
Financial assets	**9.0**	6.1
Derivative financial instruments	**16.2**	82.3
Deferred tax assets	**248.3**	217.5
	5,828.3	5,320.3
Current assets		
Inventories	**475.2**	353.2
Trade and other receivables	**543.9**	462.4
Derivative financial instruments	**24.7**	17.6
Short-term bank deposits	**322.8**	-
Cash and cash equivalents	**199.5**	90.2
	1,566.1	923.4
Total assets	**7,394.4**	6,243.7
Equity and liabilities		
Equity attributable to the owners of the Company		
Share capital	**237.3**	237.3
Additional paid in capital	**16.3**	16.3
Retained earnings	**1,865.9**	1,835.5
Hedging reserve	**(131.3)**	8.2
Foreign currency translation reserve	**156.9**	(116.6)
Total equity	**2,145.1**	1,980.7
Non-current liabilities		
Trade and other payables	**132.0**	133.2
Interest bearing loans and borrowings	**2,792.8**	2,308.7
Provisions	**1,108.1**	948.6
Retirement benefit obligations	**101.6**	57.3
Deferred income	**40.9**	37.8
Derivative financial instruments	**92.2**	31.4
Deferred tax liabilities	**47.9**	80.9
	4,315.5	3,597.9
Current liabilities		
Trade and other payables	**291.8**	253.7
Interest bearing loans and borrowings	**503.5**	356.1
Provisions	**1.7**	9.1
Derivative financial instruments	**109.0**	3.3
Income tax payable	**19.1**	41.3
Deferred income	**8.7**	1.6
	933.8	665.1
Total liabilities	**5,249.3**	4,263.0
Total equity and liabilities	**7,394.4**	6,243.7

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2014

	2014 €m	2013 €m
Income before tax	**521.2**	463.9
Adjustments to reconcile Group income before tax to net cash inflows from operating activities:		
Share of joint venture results	**-**	12.8
Depreciation and amortisation	**417.9**	396.8
Finance income	**(35.5)**	(38.3)
Finance cost	**167.2**	132.7
Loss on disposal / write off of property, plant and equipment	**0.8**	-
Increase in provisions	**61.1**	67.1
Operating cash flows before movements in working capital	**1,132.7**	1,035.0
(Increase)/decrease in inventories	**(106.7)**	(83.2)
(Increase)/decrease in receivables	**(14.8)**	(110.7)
Increase/(decrease) in payables	**(32.0)**	38.9
Cash generated from operating activities	**979.2**	880.0
Income taxes paid	**(145.7)**	(135.7)
Net cash flow from operating activities	**833.5**	744.3
Investing activities		
Interest received	**31.2**	25.2
Proceeds from non designated derivatives	**-**	0.9
Proceeds from sale of property, plant and equipment	**16.1**	-
Purchases of property, plant and equipment	**(426.4)**	(438.6)
Prepayments in respect of fixed asset purchases(i)	**(110.7)**	(148.2)
Purchase of investment property	**-**	(5.7)
Purchase of intangible assets	**(5.5)**	(1.9)
Purchase of investment	**(0.2)**	(0.1)
Net cash flow from investing activities	**(495.5)**	(568.4)
Financing activities		
Interest paid	**(139.7)**	(114.4)
Payments in respect of non designated derivatives	**(0.5)**	-
Dividends paid to equity holders	**(340.0)**	(270.0)
Proceeds from new borrowings	**1,599.6**	320.3
Placement of short-term deposits	**(322.8)**	-
Repayment of borrowings	**(1,045.4)**	(117.2)
Net cash flow from financing activities	**(248.8)**	(181.3)
Net (decrease)/increase in cash and cash equivalents	**89.2**	(5.4)
Cash and cash equivalents at 1 January	**90.2**	95.7
Effect of foreign exchange rate changes	**20.1**	(0.1)
Cash and cash equivalents at 31 December	**199.5**	90.2
Short-term deposits at 31 December	**322.8**	-
Cash and cash equivalents and short-term deposits at 31 December	**522.3**	90.2

(i) This represents prepayments in respect of fixed asset purchase payments made to the ETC joint venture in advance of deliveries of centrifuge cascades.