news release

3 March 2016

URENCO Group – Full Year Audited Financial Results

London – 3 March 2016 – URENCO Group ("URENCO" or "the Group"), an international supplier of uranium enrichment services and nuclear fuel cycle products, today announces its results for the full year ended 31 December 2015.

Summary

- Strong financial results supported by current order book and favourable foreign exchange movements
- Order book extending beyond 2025
- Completion of the €4 billion capacity expansion programme in USA
- Commercial operation of Tails Management Facility (TMF) is scheduled for 2017
- Market conditions continue to remain challenging due to a build-up of worldwide inventories

Financial highlights

	2015	2014	Change
	€m	€m	%
Revenue	**1,842.2**	1,612.0	14.3
EBITDA	**1,167.3**	1,070.8	9.0
EBITDA margin %	**63.4%**	66.4%	(3.0)pp
Income from operating activities	**664.6**	652.9	1.8
Net income	**452.1**	404.5	11.8
Earnings per share	**2.7**	2.4	12.5
Capital expenditure(i)	**517.4**	537.1	(3.7)
Cash generated from operating activities	**1,201.5**	979.2	22.7

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

Dr Thomas Haeberle, Chief Executive of URENCO, commenting on the full year results, said:

"I am pleased to present my inaugural set of financial results for URENCO which show strong financial performance for 2015 against what continues to be an extremely challenging global enrichment market.

We expect pricing pressures to continue in the near term as we deliver on our existing orders. Developing our offer and range of services as well as building on our flexibility to deliver will be priorities in the coming years. We remain committed to being a reliable long-term partner to our customers.

I have joined the company at a key point in its development and have been immediately impressed by the skills and expertise of URENCO's people. Our objective is to continue to achieve a high level of employee engagement and commitment.

URENCO is proud to be a key contributor to a low carbon environment and I look forward to meeting the challenges of a difficult enrichment market and leading URENCO to sustained long-term success."

Financial Results

Revenue for the year ended 31 December 2015 was €1,842.2 million, compared to €1,612.0 million in 2014. This year-on-year increase of €230.2 million was due primarily to additional SWU revenue of €161.1 million and additional Uranium revenue of €48.3 million as a result of both higher volumes and higher average unit revenues driven by the favourable impact of foreign exchange movements.

EBITDA for 2015 increased by 9.0% to €1,167.3 million compared to last year (2014: €1,070.8 million) which was mainly due to the increased revenue. Overall, the performance of the underlying business was steady and broadly in line with management expectations. The EBITDA margin for 2015 of 63.4% (2014: 66.4%) was adversely impacted by increased costs following a periodic review of tails and decommissioning provisions.

Depreciation was €496.1 million in 2015 (2014: €417.9 million) reflecting a higher underlying charge for the USA operations as well as an adverse impact from foreign exchange movements.

The tax charge in 2015 decreased compared to last year by €35.7 million to €81.0 million (2014: €116.7 million) and the effective tax rate of the Group was reduced to 15.2% in 2015 from 22.4% in 2014. These movements in tax charge and effective tax rate are predominantly attributable to non-deductible and non-taxable items.

Net finance costs for 2015 were €131.5 million, compared to €131.7 million in 2014, with an increase in costs associated with the refinancing of debt being offset by a favourable impact from foreign exchange movements on cash flow hedges.

Net income increased to €452.1 million (2014: €404.5 million), corresponding to a net income margin of 24.5% (2014: 25.1%). This increase in net income was mainly due to increased EBITDA and lower income tax expense, partially offset by higher depreciation.

Cash flow

Operating cash flows before movements in working capital amounted to €1,325.0 million (2014: €1,132.7 million) and cash generated from operating activities was €1,201.5 million (2014: €979.2 million) as a result of higher revenues partially offset by increased operating costs and adverse working capital movements.

Tax paid in the period was €121.7 million (2014: €145.7 million). Net cash flows from operating activities increased by 29.6% to €1,079.8 million (2014: €833.5 million).

The Group invested a total of €517.4 million in 2015 (2014: €537.1 million), reflecting the conclusion of our capacity expansion programme in the USA and the ongoing investment in TMF.

Capital structure and funding

Net debt increased to €2,827.5 million (2014: €2,774.0 million). The Group's net debt to total asset ratio remained strong at 36% (2014: 38%) well within the Group's target ratio of less than 60%.

In August 2015, URENCO issued €500 million in bonds with a coupon of 2.25%, which will mature in 2022. The proceeds have been used to manage future debt maturities, including a tender which resulted in a repurchase of part of the 4% Eurobonds due in May 2017. The nominal value of the repurchased bonds was €137.6 million.

During the year URENCO entered into €1.0 billion of cross currency swaps to convert the economic exposure of part of the Group's debt from euros to US dollars.

The Company's debt is rated by Moody's (Baa1/Stable/P-2) and Standard & Poor's (BBB+/Stable). In June 2015, URENCO announced that it was no longer retaining the services of Fitch.

In 2015 the final dividend for the year ended 31 December 2014 of €340.0 million was paid (dividend paid in 2014 for the year ended 31 December 2013: €340.0 million). The final dividend for 2015 of €350 million has been approved and will be paid to shareholders on 17 March 2016.

Outlook

URENCO continues to have long term visibility of future revenues with an order book which extends beyond 2025. The value of URENCO's order book at 31 December 2015 was approximately €16.6 billion based on €/$ of 1 : 1.09 (2014: approximately €15.8 billion based on €/$ of 1 : 1.30).

URENCO anticipates pricing pressures to continue in the near term due to the presence of excess inventories. It is possible that URENCO will experience ongoing challenges to profit margin in the coming years. However, URENCO is a company which takes a long-term view and continues to provide customers with the best possible service delivery and the highest level of quality and expertise.

Leadership

Sir John Hood KNZM, Chairman of the URENCO Board, reached the end of his original three year tenure in December 2014 and continued in his position as Chairman until 31 December 2015.

On 1 January 2016, Stephen Billingham was appointed Chairman of the URENCO Board. Stephen has been non-executive director of the company since 2009 and will be Chairman of the Board during 2016 whilst URENCO continues the search process for a long term successor to Sir John Hood.

Dr Thomas Haeberle took up the role of CEO on 1 January 2016 succeeding Helmut Engelbrecht who served as CEO from 2005 to 2015. Thomas previously served as President and CEO of Infracor GmbH, the key service provider of Marl Chemical Park and he has also served as President of Degussa's Methacrylates, Building Blocks and Industrial Chemicals Business Units. In 2009 he was appointed to the Board of Evonik Degussa GmbH and in 2011 to the Board of Evonik Industries AG.

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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.

Using centrifuge technology designed and developed by URENCO, the URENCO Group 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 2015 Consolidated Financial Statements of the URENCO Group, which were authorised for the issue by the Board of Directors on 2 March 2016. The auditor's report on the 2015 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 2014 statutory accounts have been delivered to the registrar of companies.

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

	2015 **€m**	2014 €m
Revenue from sale of goods and services	**1,842.2**	1,612.0
Work performed by the Group and capitalised	**20.8**	18.1
Changes to inventories of work in progress and finished goods	**24.4**	2.7
Raw materials and consumables used	**(11.0)**	(8.8)
Tails provision created	**(182.9)**	(149.2)
Employee benefits expense	**(202.3)**	(168.5)
Depreciation and amortisation	**(496.1)**	(417.9)
Other expenses	**(323.9)**	(235.5)
Share of results of joint venture	**(6.6)**	-
Income from operating activities	**664.6**	652.9
Finance income	**89.3**	35.5
Finance costs	**(220.8)**	(167.2)
Income before tax	**533.1**	521.2
Income tax expense	**(81.0)**	(116.7)
Net income for the year attributable to the owners of the Company	**452.1**	404.5
Earnings per share	**€**	€
Basic earnings per share	**2.7**	2.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December

	2015 €m	2014 €m
Net income for the year attributable to the owners of the Company	**452.1**	404.5
Other comprehensive income:		
Items that may be reclassified subsequently to the income statement		
Cash flow hedges – transfers to revenue	**57.4**	(0.9)
Cash flow hedges – mark to market	**(133.7)**	(121.9)
Net investment hedge – mark to market	**(87.6)**	(38.7)
Deferred tax credit on hedges	**7.1**	23.7
Current tax credit/(charge) on hedges	**3.3**	(0.2)
Exchange differences on hedge reserve	**(2.9)**	(1.5)
	(156.4)	(139.5)
Exchange differences on foreign currency translation of foreign operations	**298.8**	273.5
Share of joint venture exchange differences on foreign currency translation of foreign operations	**(0.2)**	-
	298.6	273.5
Items that will not be reclassified subsequently to the income statement		
Actuarial gains/(losses) on defined benefit pension schemes	**38.9**	(44.5)
Deferred tax (charge)/credit on actuarial gains/(losses)	**(10.3)**	10.3
Current tax credit on actuarial gains/(losses)	**-**	0.2
Share of joint venture actuarial gains on defined benefit pension schemes	**2.5**	-
Utility partner payments	**(0.3)**	(0.1)
Deferred tax credit on utility partner payments	**0.1**	-
	30.9	(34.1)
Other comprehensive income	**173.1**	99.9
Total comprehensive income for the year attributable to the owners of the Company	**625.2**	504.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December

	2015 €m	2014 €m
Non-current assets		
Property, plant and equipment	**6,150.5**	5,483.9
Investment property	**7.5**	5.8
Intangible assets	**52.5**	64.4
Investments	**7.2**	0.7
Financial assets	**9.1**	9.0
Derivative financial instruments	**77.7**	16.2
Deferred tax assets	**301.1**	248.3
	6,605.5	5,828.3
Current assets		
Inventories	**507.7**	475.2
Trade and other receivables	**426.6**	543.9
Derivative financial instruments	**21.6**	24.7
Short-term bank deposits	**-**	322.8
Cash and cash equivalents	**391.3**	199.5
	1,347.2	1,566.1
Total assets	**7,952.7**	7,394.4
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	**2,008.9**	1,865.9
Hedging reserve	**(287.7)**	(131.3)
Foreign currency translation reserve	**455.5**	156.9
Total equity	**2,430.3**	2,145.1
Non-current liabilities		
Trade and other payables	**140.4**	132.0
Interest bearing loans and borrowings	**2,989.6**	2,792.8
Provisions	**1,416.0**	1,108.1
Retirement benefit obligations	**70.9**	101.6
Deferred income	**42.4**	40.9
Derivative financial instruments	**203.3**	92.2
Deferred tax liabilities	**58.2**	47.9
	4,920.8	4,315.5
Current liabilities		
Trade and other payables	**278.2**	291.8
Interest bearing loans and borrowings	**229.2**	503.5
Provisions	**5.0**	1.7
Derivative financial instruments	**83.3**	109.0
Income tax payable	**4.1**	19.1
Deferred income	**1.8**	8.7
	601.6	933.8
Total liabilities	**5,522.4**	5,249.3
Total equity and liabilities	**7,952.7**	7,394.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 31 December

	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 1 January 2015	**237.3**	**16.3**	**1,865.9**	**(131.3)**	**156.9**	**2,145.1**
Income for the period	**-**	**-**	**452.1**	**-**	**-**	**452.1**
Other comprehensive income	**-**	**-**	**30.9**	**(156.4)**	**298.6**	**173.1**
Total comprehensive income	**-**	**-**	**483.0**	**(156.4)**	**298.6**	**625.2**
Equity dividends paid	**-**	**-**	**(340.0)**	**-**	**-**	**(340.0)**
As at 31 December 2015	**237.3**	**16.3**	**2,008.9**	**(287.7)**	**455.5**	**2,430.3**

	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 1 January 2014	237.3	16.3	1,835.5	8.2	(116.6)	1,980.7
Income for the period	-	-	404.5	-	-	404.5
Other comprehensive income	-	-	(34.1)	(139.5)	273.5	99.9
Total comprehensive income	-	-	370.4	(139.5)	273.5	504.4
Equity dividends paid	**-**	**-**	(340.0)	-	-	(340.0)
As at 31 December 2014	237.3	16.3	1,865.9	(131.3)	156.9	2,145.1

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.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December

	2015 €m	2014 €m
Income before tax	**533.1**	521.2
Adjustments to reconcile Group income before tax to net cash inflows from operating activities:		
Share of joint venture results	**(3.9)**	-
Depreciation and amortisation	**496.1**	417.9
Finance income	**(89.3)**	(35.5)
Finance cost	**220.8**	167.2
Loss on disposal / write off of property, plant and equipment	**0.8**	0.8
Increase in provisions	**167.4**	61.1
Operating cash flows before movements in working capital	**1,325.0**	1,132.7
Increase in inventories	**(10.9)**	(106.7)
Decrease/(increase) in receivables and other debtors	**0.6**	(14.8)
Decrease in payables and other creditors	**(113.2)**	(32.0)
Cash generated from operating activities	**1,201.5**	979.2
Income taxes paid	**(121.7)**	(145.7)
Net cash flow from operating activities	**1,079.8**	833.5
Investing activities		
Interest received	**42.9**	31.2
Proceeds from sale of property, plant and equipment	**0.5**	16.1
Purchases of property, plant and equipment	**(449.9)**	(426.4)
Prepayments in respect of fixed asset purchases(i)	**(67.5)**	(110.7)
Purchase of intangible assets	**(2.3)**	(5.5)
Purchase of investment	**(0.3)**	(0.2)
Net cash flow from investing activities	**(476.6)**	(495.5)
Financing activities		
Interest paid	**(172.0)**	(139.7)
Payments in respect of derivatives	**(93.4)**	(0.5)
Dividends paid to equity holders	**(340.0)**	(340.0)
Proceeds from new borrowings	**827.7**	1,599.6
Placement of short-term deposits	**-**	(322.8)
Repayment of borrowings	**(989.7)**	(1,045.4)
Net cash flow from financing activities	**(767.4)**	(248.8)
Net (decrease)/increase in cash and cash equivalents	**(164.2)**	89.2
Cash and cash equivalents and short-term deposits at 1 January	**522.3**	90.2
Effect of foreign exchange rate changes	**33.2**	20.1
Cash and cash equivalents at 31 December	**391.3**	199.5
Short-term deposits at 31 December	**-**	322.8
Cash and cash equivalents and short-term deposits at 31 December	**391.3**	522.3

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