news release

20 August 2015

URENCO Group – Half-Year 2015 Unaudited Financial Results

London – 20 August 2015 – 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 2015.

Summary

- Revenues for H1 2015 of €586.6 million, an increase of 12.1% compared to H1 2014
- Strong operational performance
- Long term visibility: Order book extending to 2030
- Continued market challenges and pricing pressures
- Comprehensive review of Tails Management Facility (TMF) indicates higher construction costs
- Commercial operation of TMF remains scheduled for 2017
- Strategic capacity expansion programme due to conclude at end of 2015

Financial highlights

	Six months to 30 June 2015 (unaudited) €m	Six months to 30 June 2014 (unaudited) €m
Revenue	**586.6**	523.5
EBITDA	**479.8**	380.1
EBITDA margin - %	**81.8%**	72.6%
Income from operating activities	**243.8**	180.9
Net income	**166.0**	106.4
Net income margin - %	**28.3%**	20.3%
Capital expenditure[(i)]	**280.6**	235.8
Cash generated from operating activities	**297.5**	398.6

(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:

"URENCO has delivered a strong operational performance in H1 2015. However, we continue to experience challenging conditions in the global nuclear fuel market.

The major capacity expansion at URENCO USA is scheduled to complete by the end of 2015 and is on track.

A comprehensive review of the TMF construction project was conducted by our new project management team which concluded that the facility will incur higher construction costs. Planned commissioning is set for 2017.

Safety remains a priority. As a core value within our culture we strive to operate to the highest standards of safety. As such, behavioural safety is a key area of focus across the Group.

We remain committed to delivering excellence in customer service driven by the skills and engagement of our employees. We recognise the long term nature of the nuclear market. We will continue to develop, innovate and drive efficiency in order to maximise our market opportunities and serve the nuclear industry as a reliable and long term partner."

Financial Results

Revenue for the six months to 30 June 2015 was €586.6 million (H1 2014: €523.5 million) reflecting higher volumes and higher average unit revenues for both SWU and uranium, which were driven by favourable foreign exchange movements. The phasing of revenue between the first and second half of 2015 is expected to show seasonality similar to that experienced in prior years.

EBITDA for H1 2015 increased by 26.2% to €479.8 million as compared to the first six months of 2014 (H1 2014: €380.1 million) mainly due to higher revenues, a positive impact from net foreign exchange and the capitalisation of production costs into inventories, ahead of sales in the second half of the year. The tax charge in H1 2015 increased by €12.9 million to €33.5 million (H1 2014: €20.6 million charge). This increase predominantly arises as a result of higher accounting profits being subjected to a broadly similar effective tax rate of 16.8% (30 June 2014: 16.2%). Net finance costs for H1 2015 were €44.3 million, compared to €53.9 million in H1 2014.

Net income for the six months to 30 June 2015 was €166.0 million, compared to €106.4 million in H1 2014.

The Group invested €280.6 million (H1 2014: €235.8 million) in H1 2015 mainly in new enrichment facilities in the USA and the TMF in the UK. The major capacity expansion at URENCO USA will be complete by the end of 2015 and the TMF is scheduled to commence operations in 2017 when capital expenditure on the asset will be largely complete.

Cash generated from operating activities was €297.5 million (H1 2014: €398.6 million). This decrease was mainly due to a negative movement in working capital, partially offset by higher revenues.

Tax paid in the period was €83.5 million (H1 2014: €59.1 million). Net cash flow from operating activities was €214.0 million (H1 2014: €339.5 million), a 37.0% decrease.

The final dividend for the year ended 31 December 2014 was €340.0 million, which was fully paid in April 2015. The dividend for the year ended 31 December 2013 was also €340.0 million, but was paid in two tranches of €170.0 million, in April 2014 and October 2014.

URENCO's order book extends to 2030 with a value of approximately €17 billion*.

Leadership

Sir John Hood, Chairman of the URENCO Board reached the end of his three year tenure in December 2014 and advised the Board of his intention to retire. At the request of the Board, he agreed to remain as Chairman until a successor has been appointed to permit an orderly succession.

In May 2015, Helmut Engelbrecht, Chief Executive Officer (CEO) of URENCO, announced his plans to retire. He will continue in the position of CEO until a successor has been appointed to ensure a smooth transition.

Ratings

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

Events After The Reporting Period

On 27 July 2015, URENCO issued €500 million in bonds, which will mature in 2022 and have a coupon of 2.25%. The proceeds are to be 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.

Outlook

Continued pricing pressures are anticipated, alongside a relative slowdown of the nuclear fuel market and increased worldwide inventories in the coming years. In August 2015, Japan restarted the first of its nuclear reactors but uncertainty remains as to when the remaining reactors will be restarted. However, URENCO recognises that the nuclear industry is a long term business and will continue to provide its customers with the best possible service delivery and 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.

Discussions between Shareholders and Governments continue with respect to the future ownership of the Company.

* Based on €/$ 1.11 (31 December 2014: €16 billion based on €/$ 1.30)

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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 2014 Consolidated Financial Statements of the URENCO Group, which were authorised for the 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 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.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Six months ended 30 June 2015 Unaudited €m	2014 Unaudited €m	Year ended 31 December 2014 Audited €m
Revenue from sale of goods and services	**586.6**	523.5	1,612.0
Work performed by the Group and capitalised	**11.4**	8.5	18.1
Changes to inventories of finished goods and work in progress	**166.2**	121.1	2.7
Raw materials and consumables used	**(4.8)**	(3.6)	(8.8)
Tails provision created	**(66.1)**	(80.5)	(149.2)
Employee benefits expense	**(95.8)**	(84.1)	(168.5)
Depreciation and amortisation	**(236.0)**	(198.5)	(417.9)
Other expenses	**(117.7)**	(104.8)	(235.5)
Share of results of joint venture	**-**	(0.7)	-
Income from operating activities	**243.8**	180.9	652.9
Finance income	**36.6**	18.5	35.5
Finance costs	**(80.9)**	(72.4)	(167.2)
Income before tax	**199.5**	127.0	521.2
Income tax expense	**(33.5)**	(20.6)	(116.7)
Net income relating to the period/year attributable to equity holders of the parent	**166.0**	106.4	404.5
Earnings per share:	**€**	€	€
Basic and diluted earnings per share	**1.0**	0.6	2.4

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2015 Unaudited €m	2014 Unaudited €m	Year ended 31 December 2014 Audited €m
Net income	**166.0**	106.4	404.5
Other comprehensive income:			
Items that may be reclassified subsequently to the income statement			
Cash flow hedges – transfers to revenue	**29.7**	(5.8)	(0.9)
Cash flow hedges – mark-to-market	**(43.1)**	18.2	(121.9)
Net investment hedge – mark-to-market	**43.8**	45.2	(38.7)
Deferred tax on hedges	**(5.0)**	(2.1)	23.7
Current tax on hedges	**18.1**	0.8	(0.2)
Exchange differences on hedge reserve	**(16.1)**	0.6	(1.5)
	27.4	56.9	(139.5)
Exchange differences on foreign currency translation of foreign operations	**142.0**	(42.8)	273.5
Share of joint venture exchange difference on foreign currency translation of foreign operations	**-**	(0.3)	-
	142.0	(43.1)	273.5
Items that will not be reclassified subsequently to the income statement			
Actuarial losses on defined benefit pension schemes	**(13.5)**	(14.9)	(44.5)
Current tax on actuarial losses	**-**	1.0	10.3
Deferred tax on actuarial gains / (losses)	**1.0**	(0.3)	0.2
Share of joint venture actuarial losses on defined benefit pension schemes	**-**	(2.6)	-
Utility partner payments	**-**	-	(0.1)
	(12.5)	(16.8)	(34.1)
Other comprehensive income / (loss)	**156.9**	(3.0)	99.9
Total comprehensive income relating to the period/year attributable to equity holders of the parent	**322.9**	103.4	504.4

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2015 Unaudited €m	30 June 2014 Unaudited €m	31 December 2014 Audited €m
ASSETS			
Non-current assets			
Property, plant and equipment	**6,004.2**	5,069.9	5,483.9
Investment property	**7.9**	5.8	5.8
Intangible assets	**58.5**	66.8	64.4
Investments	**0.7**	0.6	0.7
Financial Assets	**10.0**	7.2	9.0
Derivative financial instruments	**51.2**	78.2	16.2
Deferred tax assets	**293.6**	222.8	248.3
	6,426.1	5,451.3	5,828.3
Current assets			
Inventories	**657.3**	463.9	475.2
Trade and other receivables	**282.8**	295.8	542.7
Derivative financial instruments	**33.9**	31.2	24.7
Income tax recoverable	**47.8**	-	1.2
Short-term bank deposits	**-**	-	322.8
Cash and cash equivalents	**34.3**	120.9	199.5
	1,056.1	911.8	1,566.1
TOTAL ASSETS	**7,482.2**	6,363.1	7,394.4
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	**1,679.4**	1,585.1	1,865.9
Hedging reserve	**(103.9)**	65.1	(131.3)
Foreign currency translation reserve	**298.9**	(159.7)	156.9
Total equity	**2,128.0**	1,744.1	2,145.1
Non-current liabilities			
Trade and other payables	**135.3**	119.3	132.0
Interest bearing loans and borrowings	**2,813.8**	2,428.0	2,792.8
Provisions	**1,253.2**	1,014.2	1,108.1
Retirement benefit obligations	**125.0**	67.5	101.6
Deferred income	**43.4**	39.5	40.9
Derivative financial instruments	**143.4**	34.5	92.2
Deferred tax liabilities	**71.3**	79.4	47.9
	4,585.4	3,782.4	4,315.5
Current liabilities			
Trade and other payables	**206.0**	432.1	291.8
Interest bearing loans and borrowings	**469.9**	382.3	503.5
Provisions	**0.9**	5.2	1.7
Derivative financial instruments	**82.4**	4.8	109.0
Income tax payable	**7.7**	10.6	19.1
Deferred income	**1.9**	1.6	8.7
	768.8	836.6	933.8
Total liabilities	**5,354.2**	4,619.0	5,249.3
TOTAL EQUITY AND LIABILITIES	**7,482.2**	6,363.1	7,394.4

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 2014 (Audited)	237.3	16.3	1,865.9	(131.3)	156.9	2,145.1
Income for the period	-	-	166.0	-	-	166.0
Other comprehensive income	-	-	(12.5)	27.4	142.0	156.9
Total comprehensive income	-	-	153.5	27.4	142.0	322.9
Equity dividend	**-**	**-**	(340.0)	-	-	(340.0)
As at 30 June 2015 (Unaudited)	**237.3**	**16.3**	**1,679.4**	**(103.9)**	**298.9**	**2,128.0**

	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)	56.9	(43.1)	(3.0)
Total comprehensive income	-	-	89.6	56.9	(43.1)	103.4
Equity dividend	-	-	(340.0)	-	-	(340.0)
As at 30 June 2014 (Unaudited)	237.3	16.3	1,585.1	65.1	(159.7)	1,744.1

	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	-	-	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 dividend	**-**	**-**	(340.0)	-	-	(340.0)
As at 31 December 2014 (Audited)	**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.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June 2015 Unaudited €m	Six months ended 30 June 2014 Unaudited €m	Year ended 31 December 2014 Audited €m
Income before tax	**199.5**	127.0	521.2
Adjustments to reconcile Group income before tax to net cash inflows from operating activities:			
Share of joint venture results	**-**	0.7	-
Depreciation and amortisation	**236.0**	198.5	417.9
Finance income	**(36.6)**	(18.5)	(35.5)
Finance cost	**80.9**	72.4	167.2
(Profit) / loss on write off of property, plant and equipment	**0.9**	0.2	0.8
Increase in provisions	**54.8**	11.9	61.1
Operating cash flows before movements in working capital	**535.5**	392.2	1132.7
Increase in inventories	**(163.4)**	(116.7)	(106.7)
Decrease/(increase) in receivables	**139.2**	227.8	(14.8)
Decrease in payables	**(213.8)**	(104.7)	(32.0)
Cash generated from operating activities	**297.5**	398.6	979.2
Income taxes paid	**(83.5)**	(59.1)	(145.7)
Net cash flow from operating activities	**214.0**	339.5	833.5
Investing activities			
Interest received	**27.7**	27.5	31.2
Proceeds from sale of property, plant and equipment	**-**	0.4	16.1
Purchases of property, plant and equipment	**(213.3)**	(214.5)	(426.4)
Increase in prepayments in respect of fixed asset purchases(i)	**(66.9)**	(21.1)	(110.7)
Purchase of investment property	**-**	-	-
Purchase of intangible assets	**(0.4)**	(0.2)	(5.5)
Increase in investment	**-**	-	(0.2)
Net cash flow used in investing activities	**(252.9)**	(207.9)	(495.5)
Financing activities			
Interest paid	**(95.0)**	(76.7)	(139.7)
Payments in respect of non designated derivatives	**-**	-	(0.5)
Dividends paid to equity holders	**(340.0)**	(170.0)	(340.0)
Proceeds from new borrowings	**348.2**	745.9	1,599.6
Repayment/(placement) of short-term deposits	**322.8**	-	(322.8)
Repayment of borrowings	**(409.5)**	(604.7)	(1,045.4)
Net cash flow from financing activities	**(173.5)**	(105.5)	(248.8)
Net (decrease)/increase in cash and cash equivalents	**(212.4)**	26.1	89.2
Cash and cash equivalents at beginning of period/year	**199.5**	90.2	90.2
Effect of foreign exchange rate changes on cash and cash equivalents and short-term deposits	**47.2**	4.6	20.1
Cash and cash equivalents at end of period/year	**34.3**	120.9	199.5
Short-term deposits at end of period/year	**-**	-	322.8
Cash and cash equivalents and short-term deposits at end of period/year	**34.3**	120.9	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.