news release

25 August 2016

URENCO Group – Half-Year 2016 Unaudited Financial Results

London – 25 August 2016 – 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 2016.

Summary

- Financial results reflect strong operational performance supported by a long established order book
- Revenues and EBITDA for H1 2016 broadly in line with H1 2015 at €589.2 million and €321.8 million
- Small net loss of €8.5 million as a result of adverse exchange rate movements and significant weakening of pound sterling
- Tails Management Facility (TMF) remains on schedule for commercial operations in late 2017
- Order book extends to 2030 with a value of approximately €15.8 billion
- Continued enrichment market challenges and pricing pressures

Financial highlights

	Six months to 30 June 2016 (unaudited) €m	Six months to 30 June 2015 (unaudited) €m
Revenue	**589.2**	586.6
EBITDA (i)	**321.8**	335.3
EBITDA margin - % (i)	**54.6%**	57.2%
Income from operating activities (i)	**162.3**	192.9
Net (loss) income	**(8.5)**	166.0
Net (loss)/income margin - %	**(1.4)%**	28.3%
Capital expenditure(ii)	**207.0**	280.6
Cash generated from operating activities (iii)	**452.0**	423.9

(i) The calculation of EBITDA and Income from operating activities has been amended. EBITDA, EBITDA margin and Income from operating activities for the first six months to 30 June 2015 have been amended or, as appropriate, restated to be on a consistent basis. This has no impact on net income.

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

(iii) Cash generated from operating activities has been represented to exclude the cash outflows from payments in respect of settlement of debt hedges, which are now presented under Net cash flow from financing activities. Additionally Cash generated from operating activities has been represented for foreign exchange differences on monetary items, which are now included in Effect of foreign exchange rate changes rather than Increase/(decrease) in payables.

Thomas Haeberle, Chief Executive of URENCO Group, commenting on the half-year results, said:

"URENCO has delivered a strong operating performance in the first half of 2016 utilising the enrichment capacity that has been built over the past decade. Whilst underlying operational performance remained robust, currency movements, especially weakening of pound sterling had a significant adverse impact on our net result. The global enrichment market remains challenging with high levels of oversupply and inventory, resulting in continued pricing pressures, which we expect to continue for the foreseeable future.

Most of the capital investment in our major projects, the USA capacity expansion and the construction of the TMF, has already been incurred. Our focus remains on efficiency and maximising future opportunities and delivering against our long established order book.

URENCO holds a pivotal role in the nuclear fuel supply chain. We take our responsibility very seriously in providing our customers with the enrichment services they need to produce low carbon electricity. Our commitment to responsible uranium stewardship is evidenced by our investment in the TMF at our UK site. We expect the TMF to start commercial operations in 2017.

We are proud of the high standards of customer service we provide, which are driven by the skills and dedication of our workforce across our four geographically diverse enrichment sites. We remain committed to being a reliable long-term partner to our global customers."

Financial Results

Revenue for the six months to 30 June 2016 was €589.2 million (H1 2015: €586.6 million) reflecting slightly lower SWU sales offset by higher uranium related sales. Overall, the phasing of revenue between the first half and second half of 2016 is expected to show seasonality broadly similar to that in prior years, with a larger proportion in the second half.

EBITDA for H1 2016 decreased by approximately 4% to €321.8 million compared to H1 2015 (H1 2015: €335.3 million) due to a change in the mix between SWU sales and lower margin uranium related sales, and an increase in provisions associated with the operational optimisation of our facilities, to produce higher volumes of low assay feed.

Net finance costs for H1 2016 were €175.2 million, compared to net finance income in H1 2015 of €6.6 million. The most significant drivers of this movement are the financing charges of €83.6 million (H1 2015: €50.9 million gain) which arise on the retranslation of certain unhedged loan balances in a period of significant exchange rate volatility. In addition, losses associated with ineffective cashflow hedges were incurred of €15.0 million (H1 2015: €20.2 million gain).

In H1 2016 there was a tax credit of €4.4 million (corresponding to an effective tax rate of approximately 34%) compared to a tax charge in H1 2015 of €33.5 million (approximately 17%). The tax credit predominately reflects the net loss in the period and the impact of foreign exchange non-taxable gains and non-deductible losses.

Net loss for the six months to 30 June 2016 was €8.5 million, compared to a net income of €166.0 million in H1 2015, primarily reflecting the adverse impact of the finance charges referred to above.

The Group invested €207.0 million in H1 2016 (H1 2015: €280.6 million) of which around 60% was associated with the TMF in the UK, and the remainder spread across the Group's enrichment facilities. The TMF is scheduled to commence commercial operations in 2017.

Cash generated from operating activities was €452.0 million (H1 2015: €423.9 million) reflecting broadly flat revenue and favourable movements in working capital compared to H1 2015. Tax paid in the period was €68.6 million (H1 2015: €83.5 million) which included a prepayment of income taxes in the Netherlands relating to 2016. Net cash flow from operating activities was €383.4 million compared to €340.4 million in H1 2015.

The final dividend for the year ended 31 December 2015 was €350.0 million, which was fully paid in March 2016. The dividend for the year ended 31 December 2014 was €340.0 million, paid in April 2015.

URENCO's order book extends to 2030 with a value of approximately €15.8 billion*.

The renewal of our five year revolving credit facility of €750 million was completed in June 2016.

Ratings

The Company's debt is rated by Moody's (Baa1/Stable) and Standard & Poor's (BBB+/Stable/A-2).

Events After The Reporting Period

URENCO announced on 4 August 2016 that Peter Hill CBE will join the URENCO Ltd Board as Independent Non-executive Chairman on 12 October 2016. He replaces Stephen Billingham who has been Chairman this year whilst the search continued to find a permanent independent Chairman. Stephen retires from the Board in October 2016 after seven years' service on the URENCO Ltd Board.

As of 24 August 2016, no other material structural changes or business events have occurred that might serve to alter any of the disclosures contained in the unaudited interim condensed consolidated financial statements.

*Based on €/$ 1.11 (31 December 2015: €16.6 billion based on €/$ 1.09).

Outlook

Nuclear is a long term business and we consider it to be an essential element in a balanced energy mix. 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. However, URENCO anticipates the current high levels of inventory and pricing pressures in the global enrichment market to continue in the near term. URENCO will continue to focus on optimisation, innovation and efficiency in order to maximise future opportunities and maintain our position as a long-term, reliable partner to the nuclear industry.

There has been no immediate impact on the Group's day-to-day operations as a consequence of the UK EU referendum result. However, it has created increased political and economic uncertainty. It is too early to assess the long-term impact of the UK EU exit on global economic conditions, any implications on the uranium enrichment market and our three European based enrichment facilities.

Having just completed the refinancing of our €750m medium term revolving credit facility, we do not anticipate needing to access the debt markets in the near future. Given the backdrop of increased financial market uncertainty this leaves us in a strong funding position. Further weakening of sterling against the euro and the US dollar, before hedging, is moderately favourable to the Group in cash flow terms as we sell in euros and US dollars and have in part a sterling cost base.

We will continue to monitor and respond to market conditions created by the UK EU referendum result to reduce any potential impacts on our operations, customers and employees.

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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

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). Depreciation and amortisation are adjusted to remove elements of depreciation included in changes to inventories and other expenses.

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.

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

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

Revenue – Revenue from sale of goods and services.

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

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

Uranium related sales – Sales of uranium in the form of UF6, U3O8 or the UF6 component of EUP.

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 2015 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 2016	2015	Year ended 31 December 2015
	Unaudited	Unaudited (restated[i])	Audited (restated[i])
	€m	€m	€m
Revenue from sale of goods and services	**589.2**	586.6	1,842.2
Work performed by the Group and capitalised	**7.5**	11.4	20.8
Changes to inventories of finished goods and work in progress	**148.3**	166.2	24.4
Raw materials and consumables used	**(6.6)**	(4.8)	(11.0)
Tails provision created	**(63.8)**	(66.1)	(182.9)
Employee benefits expense	**(96.4)**	(95.8)	(202.3)
Depreciation and amortisation	**(238.8)**	(236.0)	(496.1)
Other expenses [i]	**(182.9)**	(168.6)	(354.1)
Share of results of joint venture	**5.8**	-	(6.6)
Income from operating activities	**162.3**	192.9	634.4
Finance income[i]	**67.1**	160.2	185.9
Finance costs[i]	**(242.3)**	(153.6)	(287.2)
(Loss)/income before tax	**(12.9)**	199.5	533.1
Income tax credit / (charge)	**4.4**	(33.5)	(81.0)
Net (loss) income relating to the period/year attributable to equity holders of the Company	**(8.5)**	166.0	452.1
(Loss)/earnings per share:	**€**	€	€
Basic and diluted (loss)/earnings per share	**(0.1)**	1.0	2.7

(i) In the current period foreign exchange gains and losses on financing activities have been included within Finance income (H1 2016: €20.4 million; H1 2015: €123.6 million) and Finance costs (H1 2016: €104.0 million; H1 2015: €72.7 million) respectively. Previously these were included in Other expenses. The presentation of the comparative financial information for the six months ended 30 June 2015 and the year ended 31 December 2015 has been restated to be on a consistent basis.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June		Year ended 31 December
	2016	2015	2015
	Unaudited	Unaudited	Audited
	€m	€m	€m
Net (loss)/income	**(8.5)**	166.0	452.1
Other comprehensive (loss)/ income:			
Items that may be reclassified subsequently to the income statement			
Cash flow hedges – transfers to revenue	**25.0**	29.7	57.4
Cash flow hedges – mark-to-market	**(112.0)**	(43.1)	(133.7)
Net investment hedge – mark-to-market	**(220.2)**	43.8	(87.6)
Deferred tax charge/(credit) on hedges	**11.0**	(5.0)	7.1
Current tax (credit)/charge on hedges	**(3.6)**	18.1	3.3
Exchange differences on hedge reserve	**46.1**	(16.1)	(2.9)
Total movements to hedging reserve	**(253.7)**	27.4	(156.4)
Exchange differences on foreign currency translation of foreign operations	**135.0**	142.0	298.8
Share of joint venture exchange difference on foreign currency translation of foreign operations	**0.8**	-	(0.2)
Total movements to foreign currency translation reserve	**135.8**	142.0	298.6
Items that will not be reclassified subsequently to the income statement			
Actuarial (losses)/gains on defined benefit pension schemes	**(56.8)**	(13.5)	38.9
Deferred tax credit/(charge) on actuarial (losses)/gains	**10.6**	1.0	(10.3)
Share of joint venture actuarial (losses)/gains on defined benefit pension schemes	**(9.3)**	-	2.5
Utility partner payments	**-**	-	(0.3)
Deferred tax credit on utility partner payments	**-**	-	0.1
Total movements to retained earnings	**(55.5)**	(12.5)	30.9
Other comprehensive (loss)/income	**(173.4)**	156.9	173.1
Total comprehensive (loss)/income relating to the period/year attributable to equity holders of the Company	**(181.9)**	322.9	625.2

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2016 Unaudited €m	30 June 2015 Unaudited €m	31 December 2015 Audited €m
ASSETS			
Non-current assets			
Property, plant and equipment	**5,902.1**	6,004.2	6,150.5
Investment property	**6.7**	7.9	7.5
Intangible assets	**48.1**	58.5	52.5
Investments	**6.1**	0.7	7.2
Financial Assets	**9.1**	10.0	9.1
Derivative financial instruments	**159.5**	51.2	77.7
Deferred tax assets	**327.7**	293.6	301.0
	6,459.3	6,426.1	6,605.5
Current assets			
Inventories	**617.4**	657.3	507.7
Trade and other receivables	**220.1**	282.8	419.3
Derivative financial instruments	**14.9**	33.9	21.6
Income tax recoverable	**52.2**	47.8	7.3
Cash and cash equivalents	**39.8**	34.3	391.3
	944.4	1,056.1	1,347.2
TOTAL ASSETS	**7,403.7**	7,482.2	7,952.7
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	**237.3**	237.3	237.3
Additional paid in capital	**16.3**	16.3	16.3
Retained earnings	**1,594.9**	1,679.4	2,008.9
Hedging reserve	**(541.4)**	(103.9)	(287.7)
Foreign currency translation reserve	**591.3**	298.9	455.5
Total equity	**1,898.4**	2,128.0	2,430.3
Non-current liabilities			
Trade and other payables	**109.2**	135.3	140.4
Interest bearing loans and borrowings	**2,518.6**	2,813.8	2,989.6
Provisions	**1,421.8**	1,253.2	1,416.0
Retirement benefit obligations	**118.4**	125.0	70.9
Deferred income	**38.9**	43.4	42.4
Derivative financial instruments	**277.4**	143.4	203.3
Deferred tax liabilities	**43.9**	71.3	58.2
	4,528.2	4,585.4	4,920.8
Current liabilities			
Trade and other payables	**235.9**	206.0	278.2
Interest bearing loans and borrowings	**619.0**	469.9	229.2
Provisions	**3.9**	0.9	5.0
Derivative financial instruments	**115.2**	82.4	83.3
Income tax payable	**1.4**	7.7	4.1
Deferred income	**1.7**	1.9	1.8
	977.1	768.8	601.6
Total liabilities	**5,505.3**	5,354.2	5,522.4
TOTAL EQUITY AND LIABILITIES	**7,403.7**	7,482.2	7,952.7

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 2015 (Audited)	237.3	16.3	2,008.9	(287.7)	455.5	2,430.3
Loss for the period	-	-	(8.5)	-	-	(8.5)
Other comprehensive income	-	-	(55.5)	(253.7)	135.8	(173.4)
Total comprehensive income	-	-	(64.0)	(253.7)	135.8	(181.9)
Equity dividend paid	**-**	**-**	(350.0)	-	-	(350.0)
As at 30 June 2016 (Unaudited)	**237.3**	**16.3**	**1,594.9**	**(541.4)**	**591.3**	**1,898.4**

	Share capital €m	Additional paid in capital €m	Retained earnings €m	Hedging reserves €m	Foreign currency translation reserve €m	Attributable to the owners of the Company €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 the owners of the Company €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	-	-	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 dividend	**-**	**-**	(340.0)	-	-	(340.0)
As at 31 December 2015 (Audited)	**237.3**	**16.3**	**2,008.9**	**(287.7)**	**455.5**	**2,430.3**

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 2016 Unaudited	Six months ended 30 June 2015 Unaudited (Re-presented)	Year ended 31 December 2015 Audited (Re-presented)
	€m	€m	€m
(Loss)/income before tax	**(12.9)**	199.5	533.1
Adjustments to reconcile Group income before tax to net cash inflows from operating activities:			
Share of joint venture results	**(7.4)**	(6.9)	(3.9)
Depreciation and amortisation	**238.8**	236.0	496.1
Finance income	**(67.1)**	(160.2)	(185.9)
Finance cost	**242.3**	153.6	287.2
Loss on write off of property, plant and equipment	**0.1**	0.9	0.8
Increase in provisions	**51.5**	54.8	167.4
Operating cash flows before movements in working capital	**445.3**	477.7	1,294.8
Increase in inventories	**(159.3)**	(163.4)	(10.9)
Decrease in receivables	**154.3**	139.2	0.6
Increase/(decrease) in payables (i) (iii)	**11.7**	(29.6)	(40.4)
Cash generated from operating activities	**452.0**	423.9	1,244.1
Income taxes paid	**(68.6)**	(83.5)	(121.7)
Net cash flow from operating activities	**383.4**	340.4	1,122.4
Investing activities			
Interest received	**42.3**	27.7	42.9
Proceeds from sale of property, plant and equipment	**-**	-	0.5
Purchases of property, plant and equipment	**(206.9)**	(213.3)	(449.9)
Increase in prepayments in respect of fixed asset purchases (ii)	**-**	(66.9)	(67.5)
Purchase of intangible assets	**(0.1)**	(0.4)	(2.3)
Increase in investment	**-**	-	(0.3)
Net cash flow used in investing activities	**(164.7)**	**(252.9)**	**(476.6)**
Financing activities			
Interest paid	**(113.8)**	(95.0)	(172.0)
Payments in respect of settlement of debt hedges (i)	**-**	(74.3)	(93.4)
Dividends paid to equity holders	**(350.0)**	(340.0)	(340.0)
Proceeds from new borrowings	**147.2**	348.2	827.7
Repayment of borrowings	**(240.6)**	(409.5)	(989.7)
Net cash flow from financing activities	**(557.2)**	(570.6)	(767.4)
Net decrease in cash and cash equivalents	**(338.5)**	(483.1)	(121.6)
Cash and cash equivalents and short-term deposits at beginning of period/year	**391.3**	522.3	522.3
Effect of foreign exchange rate changes (iii)	**(13.0)**	(4.9)	(9.4)
Cash and cash equivalents at end of period/year	**39.8**	34.3	391.3

(i) The presentation of payments in respect of settlement of debt hedges has been amended. These payments are now shown separately under Net cash flow from financing activities for the period ended 30 June 2016 and 30 June 2015 on a consistent basis with the year ended 31 December 2015.

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

(iii) The presentation of Effect of foreign exchange rate has changed. This now also includes foreign exchange differences on monetary items which were previously reported under Decrease in payables. The comparative information for the period ended 30 June 2015 and for the year ended 31 December 2015 has been amended on a consistent basis.