news release

7 August 2018

URENCO Group – Half Year Unaudited Financial Results

London – 7 August 2018 – URENCO Group ("URENCO" or "the Group"), an international supplier of uranium enrichment services and nuclear fuel cycle products, today announces its results for the half year ended 30 June 2018.

Summary

- Revenue and EBITDA in line with management expectations, reflecting strong operational performance – revenue down €39.5 million (-4.9% on half year 2017) and EBITDA up €3.2 million (+0.7% on half year 2017).
- Net income down by €65.3 million (-26.1% on half year 2017) primarily due to higher net income tax in H1 2018 compared to H1 2017.
- Contract order book has an approximate value of €12.1 billion, providing visibility of future short to medium term cash flows.
- Construction of UK Tails Management Facility (TMF) nearing completion; commissioning commenced.
- Continued strong progress to deliver on our strategic objectives through cost savings and new business contracts.

Financial highlights (€ million)	**Six months to June 2018 (unaudited)**	Six months to June 2017 (unaudited)
Revenue	**771.9**	811.4
EBITDA(i)	**494.0**	490.8
EBITDA margin - %	**64.0%**	60.5%
Income from operating activities	**331.6**	297.9
Net income	**184.5**	249.8
Net income margin - %	**23.9%**	30.8%
Capital expenditure	**96.3**	151.2
Cash generated from operating activities	**457.7**	599.8

(i) EBITDA is earnings before exceptional items, interest (including other finance costs), taxation, depreciation and amortisation and joint venture results. Depreciation and amortisation are adjusted to remove elements of such charges included in changes to inventories and other expenses. EBITDA is reconciled to income from operating activities on page 7.

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

"The half year results in 2018 reflect a strong operational performance and positive progress in the delivery of our strategic objectives, with support provided by our long established contract order book. We have maintained our focus on safety performance and implemented initiatives to further enhance our safety culture.

Revenue is down for the first six months of 2018 compared to half year 2017 driven by lower prices after currency hedges. EBITDA is slightly improved, reflecting lower revenues being more than offset by reduced costs. The phasing of revenue between the first and second half of 2018 is expected to be broadly similar to that in 2017, with the second half of the year predicted to account for the majority of sales. The continued challenging market conditions and pricing pressures are reflected in new contracts and consequently in the contract order book value that will be delivered in future periods.

Global demand for a continuous and secure supply of low carbon energy provides the opportunity for growth in the nuclear industry. URENCO is well positioned to support this growth. However, the market needs a sustainable pricing structure to allow for the necessary investments so that, in the longer term, we can continue to supply the market from our diverse enrichment sites.

The challenging market conditions reinforce the importance of our strategic objectives. Good progress has been made in each key pillar of our strategy, supporting the long term success of our business. We are on track to realise €300 million in cumulative cash savings by the end of 2019 resulting from the successful reduction of operating costs and capital spending. We have signed new contracts to maintain our global customer base and continue to explore several possible new business ventures.

Our micro-modular U-Battery received funding from the UK Government demonstrating U-Battery's commercial and technical case in addressing energy and decarbonisation challenges in the UK and globally.

The TMF project is nearing completion, commissioning has commenced, with commercial operation anticipated to start in 2019. Investment in this facility demonstrates our commitment to uranium stewardship by safely and responsibly managing depleted uranium.

I would like to thank our employees for their commitment, strong operational performance and the successful implementation of our strategy."

Financial Results

Revenue for the six months ended 30 June 2018 was €771.9 million, a decrease of 4.9% on the €811.4 million for the same period last year. SWU revenues after currency hedges were down by €34.5 million as the impact of marginally higher volumes was more than offset by lower average unit revenues. Uranium related sales were down by €2.0 million due to lower volumes despite slightly higher average unit revenues being achieved. Other revenue decreased by €3.0 million compared to the same period last year. Overall, the phasing of revenue between the first half and second half of 2018 is expected to show a similar level of seasonality to that experienced in 2017, with the second half of the year still expected to account for the majority of sales.

EBITDA was €494.0 million for the first half of 2018, €3.2 million higher than the same period last year (H1 2017: €490.8 million), corresponding to an EBITDA margin of 64.0% (H1 2017: 60.5%). The EBITDA result reflects the adverse impact from revenue being more than offset by lower operating and administrative expenses and lower net costs for tails provisions in the first half of 2018.

Other operating and administrative expenses in H1 2018 were lower by €31.6 million compared to H1 2017 reflecting a lower average unit cost of sales as a result of both the sales mix realised in the period and the continued good progress from the ongoing implementation of our strategy. The costs for H1 2017 also benefited from a one-time credit associated with the closure of the UK defined benefit scheme to further accrual.

The net cost for tails provisions was €11.1 million lower in the first six months of 2018 compared to the same period for 2017. This was due to €31.3 million lower costs of new tails provisions created, offset by €20.2 million lower releases from the tails provision. The cost of new tails provisions created of €71.3 million was lower than the same period for 2017 (H1 2017: €102.6 million) as a result of a lower volume of new tails generated and the increase in tails deconversion costs recorded during H1 2017. The €20.2 million lower release from the tails provision was due to a €21.9 million release from the tails provisions in the first half of 2018 compared to €42.1 million for H1 2017. The releases from tails provision are associated with ongoing optimisation of operations and reductions in higher assay tails associated with enrichment services contracts.

Depreciation and amortisation for the half year 2018 was €161.0 million, a decrease of €12.4 million on the €173.4 million for the half year 2017. This reduction was driven by lower depreciation on US denominated assets due to the weakening of US dollar average exchange rates compared to H1 2017.

Net finance costs for the six months ended 30 June 2018 were €75.1 million, compared to €49.7 million for the same period last year. Where practicable, relevant loan balances are swapped using cross currency swaps and these swaps are placed in accounting hedge relationships. Where this is not possible the retranslation of the relevant unhedged loan balances (denominated in US dollars and euros but held by a sterling functional currency entity) generate gains/losses as a result of foreign exchange movements in the period. In H1 2018 the impact of this was a loss of €28.6 million (H1 2017: loss of €0.4 million) reflecting relevant unhedged balances and movements in foreign exchange rates and a €27.2 million one-off non-cash charge for unhedged cumulative foreign exchange losses that should have been recognised in the income statement in prior periods from 2014. A tax credit of €1.8 million relating to this non-cash charge has been recognised in the Income Statement tax line. In addition, a loss associated with ineffective cash flow hedges (including the impact of credit risk) was incurred of €1.7 million (H1 2017: €14.8 million gain). The finance costs on borrowings (including the impact of cross currency interest rate swaps) were lower at €39.5 million (H1 2017: €62.2 million) reflecting lower levels of net debt in 2018. The other key elements of net finance costs were broadly in line with the costs incurred in the prior period, notably capitalised interest of €24.2 million (H1 2017: €25.9 million) and the unwinding of discounting on provisions of €29.5 million (H1 2017: €27.8 million).

In the first half of 2018 the tax expense was €72.0 million (corresponding to an effective tax rate (ETR) of 28.1%), an increase of €73.6 million over the tax credit of €1.6 million for the first half of 2017 (ETR: -0.6%). The increase in tax expense is broadly driven by the inclusion of a €74.0 million credit in the first half of 2017 associated with the recognition of previously unrecognised deferred tax assets resulting from the impact that the increased lifetime for centrifuges and associated equipment will have on future depreciation. The tax expense was also higher due to foreign exchange financing gains and losses that are excluded from tax under the UK Disregard Regulations. These items were partially offset by changes in the relative proportions of profits and losses generated across the four jurisdictions in which URENCO operates and the reduction in corporate income tax rates in the US and UK.

In the six months ended 30 June 2018 there were no exceptional items (H1 2017: nil).

Net income was €184.5 million for the half year 2018, a decrease of €65.3 million compared to the half year 2017 net income of €249.8 million. The net income margin for H1 2018 was 23.9% compared to the H1 2017 net income margin of 30.8%. This decrease in net income is largely attributable to the higher income tax expenses incurred in the first half of 2018 compared to the same period for 2017.

Cash generated from operating activities (before tax) in the first half of 2018 was €457.7 million compared to €599.8 million in the first half of 2017. This primarily reflects lower revenue and adverse movements in working capital, particularly receivables where the movement in H1 2017 was particularly favourable due to the high receivables closing balance at the end of 2016. Tax paid in the period was €98.1 million (H1 2017: €98.3 million). Net cash flow from operating activities was €359.6 million compared to €501.5 million in H1 2017.

The Group invested €96.3 million for the construction of property, plant and equipment and intangible assets in H1 2018 (H1 2017: €151.2 million) of which 47.9% (H1 2017: 71.0%) was associated with the TMF in the UK, and the remainder across the Group's enrichment facilities. Construction of the TMF facility is nearing completion and commissioning has started.

Net cashflow from financing activities in the period included the final dividend for the year ended 31 December 2017 of €300.0 million, which was paid in full in March 2018 (31 December 2016: €300.0 million, paid in March 2017). In March 2018, a €100.0 million financing facility provided by the European Investment Bank (EIB) was repaid and during the period €105.0 million was borrowed under bilateral facilities.

As at 30 June 2018, the Group held cash and cash equivalents of €26.4 million (31 December 2017: €59.1 million) and net debt was €2,152.7 million (31 December 2017: €2,104.7 million). Net debt increased by €48.0 million primarily because net cash flow from operating activities of €359.6 million was lower than cash outflows relating to capital expenditure of €96.3 million and the payment of the final dividend for 2017 of €300.0 million.

The Company's debt ratings were reconfirmed in April 2018 by Moody's (Baa1/Stable) and S&P Global Ratings (BBB+/Stable).

Outlook

Market conditions continue to be challenging due to surplus inventory indicating ongoing pricing pressures in the short to medium term. Our order book extends to the 2030s with a value as at 30 June 2018 of €12.1 billion based on €/$ of 1:1.17 (31 December 2017: approximately €12.7 billion based on €/$ of 1:1.20), providing visibility and financial stability of future revenues.

The global nuclear industry is expected to grow and new reactors are being built. Nuclear energy has an important role to play in meeting a growing demand for affordable electricity from reliable and low carbon sources to meet important climate change targets.

URENCO is well positioned to support this growth and meet our customers' changing needs through our portfolio of products and services, expertise and technology.

We continue to monitor the various political uncertainties that will impact our business. Work has progressed to prepare for the UK's withdrawal from the European Union and EURATOM treaty. We are working with the UK government, EURATOM, and other key stakeholders to ensure there is minimum disruption to our business and customers. Our ability to provide services from sites in mainland Europe, the UK and the USA - and detailed plans to mitigate potential risks - will ensure a continuous, secure supply to our customers.

The principal risks and uncertainties to which the Group is exposed are the same as those disclosed in the Group's annual financial statements for the year ended 31 December 2017.

Board

Mel Kroon will succeed George Verberg, who retires as Non-Executive Director on the URENCO Board, and will take up his position in September.

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About URENCO Group

URENCO is an international supplier of enrichment services and fuel cycle products with its head office based 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.

Using centrifuge technology designed and developed by URENCO, the URENCO Group provides safe, cost-effective and reliable uranium enrichment services for power generation within a framework of high environmental, social and corporate responsibility standards.

For more information, please visit www.urenco.com

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Definitions

Capital Expenditure - Reflects investment in property, plant and equipment plus the prepayments in respect of fixed asset and intangible asset purchases for the period.

EBITDA – Earnings before exceptional items, 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 such charges already included in changes to inventories and other expenses.

EUP – Enriched Uranium Product, i.e. UF_6 enriched, typically, to between 3% and 5% U_{235} content.

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 expected credit losses and reversals of expected credit losses on financial assets and including gains and losses of non-designated hedges.

Net Income – Income for the 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 and net fair value gains/losses on commodity contracts.

Separative Work Unit (SWU) – The standard measure of the effort required to increase the concentration of the fissionable U_{235} isotope.

Tails (Depleted UF_6) – Uranium hexafluoride that contains a lower concentration than the natural concentration (0.711%) of U_{235} isotope.

Uranium Related Sales – Sales of uranium in the form of UF_6, U_3O_8 or the UF_6 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 2017 Consolidated Financial Statements of the URENCO Group, which were authorised for issue by the Board of Directors on 6 March 2018. The auditor's report on the 2017 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 2017 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 2018 Unaudited €m	Six months ended 30 June 2017 Unaudited €m	Year ended 31 December 2017 Result for the year Audited €m
Revenue from sales of goods and services	**771.9**	811.4	1,926.9
Changes to inventories of finished goods, work in progress and contract assets	**(4.4)**	(50.5)	(124.6)
Raw materials and consumables used	**(7.2)**	(6.5)	(12.0)
Tails provision created	**(71.3)**	(102.6)	(199.2)
Employee costs	**(79.4)**	(75.4)	(149.7)
Depreciation and amortisation	**(161.0)**	(173.4)	(343.3)
Restructuring provision release	**0.2**	-	4.7
Other expenses	**(114.0)**	(105.1)	(238.6)
Share of joint venture results	**(3.2)**	-	7.6
Income from operating activities	**331.6**	297.9	871.8
Finance income	**47.5**	74.0	107.8
Finance costs	**(122.6)**	(123.7)	(247.9)
Income before tax	**256.5**	248.2	731.7
Income tax (expense)/income	**(72.0)**	1.6	(216.8)
Net income for the period/year attributable to the owners of the Company	**184.5**	249.8	514.9
Earnings per share:	**€**	€	€
Basic earnings per share	**1.1**	1.5	3.1

RECONCILIATION OF INCOME FROM OPERATING ACTIVITIES TO EBITDA[(i)]

	Six months ended 30 June 2018 Unaudited €m	Six months ended 30 June 2017 Unaudited €m	Year ended 31 December 2017 Result for the year Audited €m
Income from operating activities	**331.6**	297.9	871.8
Depreciation and amortisation	**161.0**	173.4	343.3
Add: depreciation in inventories and contract assets	**0.2**	15.9	34.0
Add: depreciation expensed within other expenses	**(2.0)**	3.6	8.0
Joint venture results	**3.2**	-	(7.6)
EBITDA	**494.0**	490.8	1,249.5

(i) EBITDA is defined as earnings before exceptional items, interest (including other finance costs), taxation, depreciation and amortisation and joint venture results.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June		Year ended 31 December
	2018 Unaudited	2017 Unaudited	2017 Audited
	€m	€m	€m
Net income	**184.5**	249.8	514.9
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to the income statement			
Cash flow hedges – transfers to revenue	**11.3**	42.7	82.1
Cash flow hedges – mark to market	**(49.2)**	67.7	152.1
Net investment hedge – mark to market	**34.9**	84.0	146.2
Deferred tax income/(charge) on hedges	**6.8**	(19.8)	(42.5)
Current tax income/(charge) on hedges	**14.0**	(6.4)	(11.7)
Exchange differences on hedge reserve	**0.8**	8.0	12.8
Total movements to hedging reserves	**18.6**	176.2	339.0
Cost of hedging – Basis spread and forward points	**10.0**	-	-
Deferred tax on cost of hedging	**(2.9)**	-	-
Exchange differences on cost of hedging reserve	**0.3**	-	-
Total movements to cost of hedging reserve	**7.4**	-	-
Exchange differences on foreign currency translation of foreign operations	**43.8**	(188.1)	(291.6)
Share of joint venture exchange difference on foreign currency translation of foreign operations	**(0.2)**	-	(0.1)
Total movements to foreign currency translation reserve	**43.6**	(188.1)	(291.7)
Items that will not be reclassified subsequently to the income statement			
Actuarial gains on defined benefit pension schemes	**33.1**	10.9	26.0
Deferred tax expense on actuarial gains	**(5.3)**	(1.9)	(5.1)
Share of joint venture actuarial gains/(losses) on defined benefit pension schemes	**3.9**	-	(2.1)
Utility partner payments	**-**	-	(0.1)
Total movements to retained earnings	**31.7**	9.0	18.7
Other comprehensive income/(loss)	**101.3**	(2.9)	66.0
Total comprehensive income relating to the period/year attributable to the owners of the Company	**285.8**	246.9	580.9

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2018 Unaudited €m	31 December 2017 Audited €m Restated (i)	30 June 2017 Unaudited €m Restated (i)
ASSETS			
Non-current assets			
Property, plant and equipment	**4,930.5**	4,900.5	5,043.6
Investment property	**6.6**	6.8	7.0
Intangible assets	**41.3**	44.4	36.6
Investments including joint venture	**8.4**	7.5	1.2
Financial assets	**4.2**	7.6	8.8
Derivative financial instruments	**212.5**	284.7	204.7
Deferred tax assets	**186.6**	207.2	364.6
	5,390.1	5,458.7	5,666.5
Current assets			
Inventories	**153.5**	213.5	145.3
Contract Assets	**339.8**	332.4	382.8
Trade and other receivables	**220.1**	234.3	179.6
Derivative financial instruments	**16.2**	22.0	5.0
Income tax recoverable	**86.5**	77.8	39.8
Cash and cash equivalents	**26.4**	59.1	52.2
	842.5	939.1	804.7
TOTAL ASSETS	**6,232.6**	6,397.8	6,471.2
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	**237.3**	237.3	237.3
Additional paid in capital	**16.3**	16.3	16.3
Retained earnings	**1,272.6**	1,356.8	1,082.0
Hedging reserve	**(374.6)**	(322.5)	(485.3)
Cost of hedging reserve	**78.1**	-	-
Foreign currency translation reserve	**580.0**	536.4	640.0
Total equity	**1,809.7**	1,824.3	1,490.3
Non-current liabilities			
Trade and other payables	**-**	-	30.2
Interest bearing loans and borrowings	**1,896.4**	1,888.8	2,193.9
Provisions	**1,575.0**	1,499.3	1,516.0
Retirement benefit obligations	**67.6**	97.3	110.1
Deferred income	**39.3**	28.2	37.9
Derivative financial instruments	**112.0**	120.1	203.4
Deferred tax liabilities	**104.3**	94.7	33.6
	3,794.6	3,728.4	4,125.1
Current liabilities			
Trade and other payables	**296.6**	436.6	322.6
Interest bearing loans and borrowings	**282.7**	275.0	449.7
Provisions	**8.0**	15.3	17.7
Derivative financial instruments	**39.1**	52.6	63.7
Income tax payable	**-**	64.0	0.5
Deferred income	**1.9**	1.6	1.6
	628.3	845.1	855.8
Total liabilities	**4,422.9**	4,573.5	4,980.9
TOTAL EQUITY AND LIABILITIES	**6,232.6**	6,397.8	6,471.2

(i) From 1 January 2018 SWU inventories are classified under a separate line of 'Contract assets' following the adoption of IFRS 15. Previously these were included under Inventories. The presentation of the comparative financial information for the year ended 31 December 2017 and for the six months ended 30 June 2017 has been restated to be on a consistent basis.

Registered Number 01022786
The financial statements were approved by the Board of Directors and authorised for issue on 6 August 2018.

Dr Thomas Haeberle
Chief Executive Officer

Ralf ter Haar
Chief Financial Officer

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital €m	Additional paid in capital €m	Retained earnings €m	Hedging reserves €m	Cost of hedging reserve €m	Foreign currency translation reserve €m	Attributable to the owners of the Company €m
As at 31 December 2017 (Audited)	237.3	16.3	1,356.8	(322.5)	-	536.4	1,824.3
Adjustment for IFRS 9 transition	-	-	(0.4)	(70.7)	70.7	-	(0.4)
Revised as at 1 January 2018	237.3	16.3	1,356.4	(393.2)	70.7	536.4	1,823.9
Income for the period	-	-	184.5	-	-	-	184.5
Other comprehensive income	-	-	31.7	18.6	7.4	43.6	101.3
Total comprehensive income	-	-	216.2	18.6	7.4	43.6	285.8
Equity dividend paid	-	-	(300.0)	-	-	-	(300.0)
As at 30 June 2018 (Unaudited)	**237.3**	**16.3**	**1,272.6**	**(374.6)**	**78.1**	**580.0**	**1,809.7**

	Share capital €m	Additional paid in capital €m	Retained earnings €m	Hedging reserves €m	Cost of hedging reserve €m	Foreign currency translation reserve €m	Attributable to the owners of the Company €m
As at 31 December 2016 (Audited)	237.3	16.3	1,123.2	(661.5)	-	828.1	1,543.4
Income for the period	-	-	249.8	-	-	-	249.8
Other comprehensive income	-	-	9.0	176.2	-	(188.1)	(2.9)
Total comprehensive income	-	-	258.8	176.2	-	(188.1)	246.9
Equity dividend paid	-	-	(300.0)	-	-	-	(300.0)
As at 30 June 2017 (Unaudited)	237.3	16.3	1,082.0	(485.3)	-	640.0	1,490.3

	Share capital €m	Additional paid in capital €m	Retained earnings €m	Hedging reserves €m	Cost of hedging reserve €m	Foreign currency translation reserve €m	Attributable to the owners of the Company €m
As at 31 December 2016 (Audited)	237.3	16.3	1,123.2	(661.5)	-	828.1	1,543.4
Income for the year	-	-	514.9	-	-	-	514.9
Other comprehensive income	-	-	18.7	339.0	-	(291.7)	66.0
Total comprehensive income	-	-	533.6	339.0	-	(291.7)	580.9
Equity dividend paid	-	-	(300.0)	-	-	-	(300.0)
As at 31 December 2017 (Audited)	237.3	16.3	1,356.8	(322.5)	-	536.4	1,824.3

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.

Cost of hedging reserve (new reserve following adoption of IFRS 9)
The cost of hedging reserve is a separate component of equity used to record changes in the fair value of the currency basis spread as included in the fair value of financial instruments that are in a hedge relationship and the changes in the fair value of the forward points of forward foreign exchange contracts that are hedging future revenue. From 1 January 2018, it is a requirement under the newly adopted accounting standard IFRS 9 to disclose the cost of hedging reserve as a separate component of equity.

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 2018 Unaudited €m	Six months ended 30 June 2017 Unaudited €m Restated (i)	Year ended 31 December 2017 Audited €m Restated (i)
Income before tax	**256.5**	248.2	731.7
Adjustments to reconcile Group income before tax to net cash inflows from operating activities:			
Share of joint venture results	**3.2**	-	(7.6)
Depreciation and amortisation	**161.0**	173.4	343.3
Finance income	**(47.5)**	(74.0)	(107.8)
Finance cost	**122.6**	123.7	247.9
Loss on write off of property, plant and equipment	**-**	0.4	12.0
Increase in provisions	**28.1**	(2.4)	(31.2)
Operating cash flows before movements in working capital	**523.9**	469.3	1,188.3
Decrease/(increase) in inventories	**44.6**	21.4	(59.2)
(Increase)/ decrease in contract assets	**(5.4)**	(28.5)	17.7
Decrease in receivables and other debtors	**13.0**	217.9	159.0
(Decrease)/increase in payables and other creditors	**(118.4)**	(80.3)	8.3
Cash generated from operating activities	**457.7**	599.8	1,314.1
Income taxes paid	**(98.1)**	(98.3)	(122.9)
Net cash flow from operating activities	**359.6**	501.5	1,191.2
Investing activities			
Interest received	**38.6**	57.7	81.6
Proceeds from sale of property, plant and equipment	**-**	-	0.1
Purchases of property, plant and equipment	**(96.2)**	(151.0)	(299.3)
Purchase of intangible assets	**(0.1)**	(0.2)	-
Increase in investment	**(0.1)**	-	(0.2)
Net cash flow used in investing activities	**(57.8)**	(93.5)	(217.8)
Financing activities			
Interest paid	**(67.3)**	(108.2)	(209.9)
Receipts/(payments) in respect of settlement of debt hedges	**26.1**	(6.8)	(6.8)
Dividends paid to equity holders	**(300.0)**	(300.0)	(300.0)
Proceeds from new borrowings	**105.0**	204.1	378.8
Placement of short-term deposits	**-**	-	1.6
Repayment of borrowings	**(100.0)**	(396.8)	(1,027.7)
Net cash flow from financing activities	**(336.2)**	(607.7)	(1,164.0)
Net decrease in cash and cash equivalents	**(34.4)**	(199.7)	(190.6)
Cash and cash equivalents and short-term deposits at beginning of period/year	**59.1**	253.3	251.7
Effect of foreign exchange rate changes	**1.7**	(1.4)	(2.0)
Cash and cash equivalents at end of the period/year	**26.4**	52.2	59.1

(i) From 1 January 2018 Decrease/(increase) in SWU inventories are classified under a separate line 'Decrease/(increase) in contract assets' following the adoption of IFRS 15. Previously these were included under 'Decrease/(increase) in inventories'. The presentation of the comparative financial information for the six months ended 30 June 2017 and for the year ended 31 December 2017 has been restated to be on a consistent basis.