



POCATOM

TENEX in the World Nuclear Fuel Cycle Goods and Services Market

**Deputy Director General
Valeriy N. Govorukhin**



Moscow

08.06.2011

JSC «Techsnabexport» -

- Major exporter of Russian nuclear fuel cycle goods and services to the international market
- Executive agent under the Russian-US intergovernmental agreement on delivery of low enriched uranium blended down from highly enriched uranium extracted from dismantled warheads (“HEU-LEU Agreement”)
- Implementation of nuclear fuel cycle engineering projects abroad, including the technical assistance for construction of enrichment plant in China
- Direct long-term mutually beneficial cooperation with virtually all utilities operating NPPs worldwide
- Continuous improvement of contract activities through flexible application of both all available competitive strategies, and a full range of modern marketing and communication tools
- Impeccable international market record since 1963

SWU Market: Opportunities and Threats

→ Opportunities for Russian export

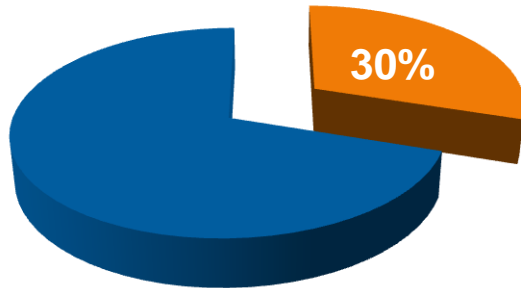
- Expansion of nuclear energy, primarily in Asia (despite some slowdown due to Fukushima events)
- Geographical proximity of Russia to the growing consumption centers of nuclear fuel cycle goods and services and developing uranium mining centers
- Continuation of policy of supply sources diversification by utilities
- Long-term record of Russia as reliable and efficient supplier in the nuclear fuel cycle market
- The extensive production base
- Growth of the market interest for fabricated fuel assemblies as new utilities emerge

→ Restriction and risks for Russian export

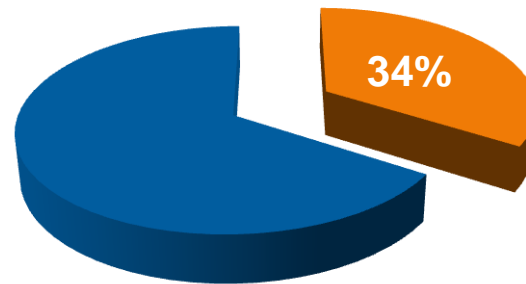
- Revision by states and utilities of new nuclear power plants construction schedules caused by electricity consumption decrease (due to the economic downturn) and tragic events in Japan
- Global expansion of production facilities based on centrifuge technology
- Emergence of new international suppliers of uranium enrichment services
- Continued trade restrictions on the Russian uranium products

TENEX: Market Share Growth

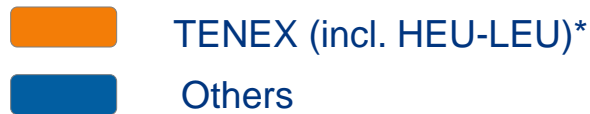
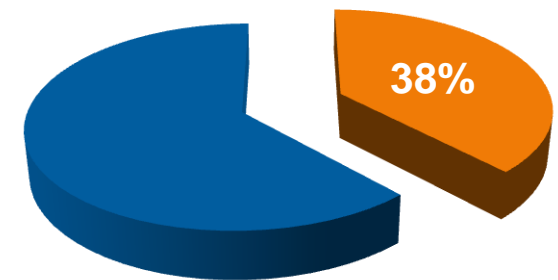
Beginning of 2000's



Middle of 2000's



End of 2000's



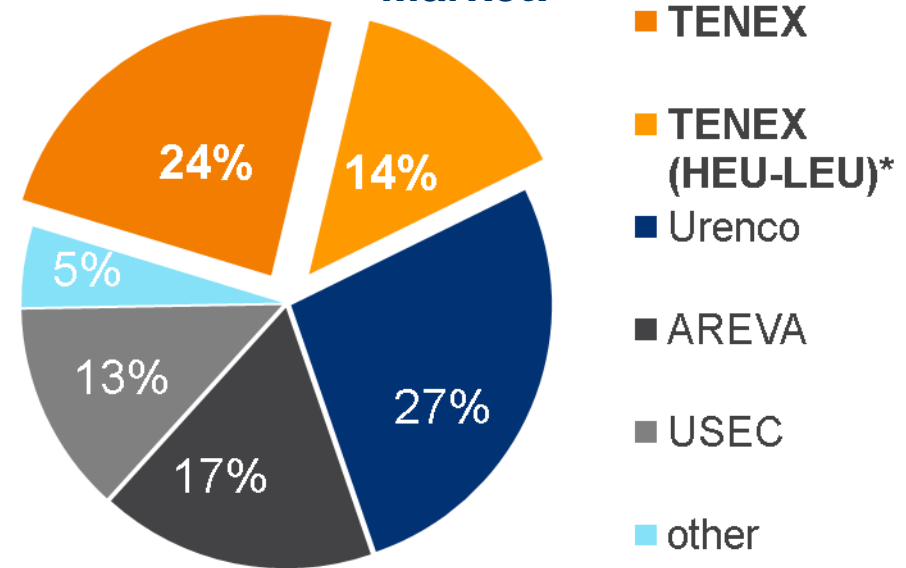
- TENEX supplies over a third of total Western design reactors SWU market
- Existing backlog is \$ 20 billion (as of the end of 2010) and includes contracts for deliveries until 2025

* - the material under the HEU-LEU agreement is marketed by USEC

Main elements of TENEX's marketing strategy:

- Market share growth through reliable SWU supply and expansion of geography of export
- Elaboration of new marketing instruments
- Development of supply infrastructure
- Building-up of transnational alliances
- The maximum use of technical and production advantages of Russian nuclear energy complex and country geographical location

TENEX' Share in the Western Uranium Enrichment Services Market:

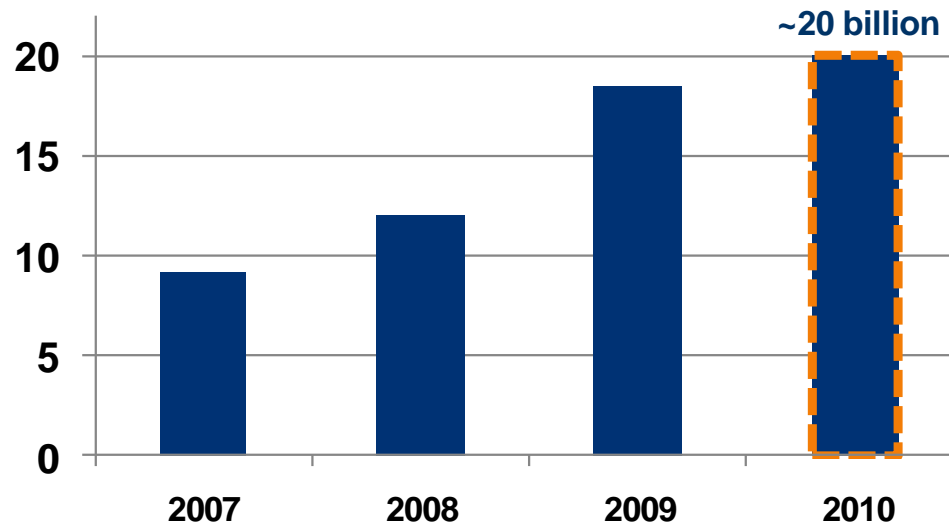


* - the material under the HEU-LEU agreement is marketed by USEC

Export Structure and Backlog (USD millions)

	2007	2008	2009	2010
Turnover	2 651	3 402	3 454	3 984
Export	2 370	3 059	3 048	3 490
including:				
Commercial deliveries of uranium product and services	1 576	2 205	2 011	2 313
HEU-LEU program deliveries	759	818	886	939

TENEX Backlog, USD billions



*) – at the end of year 2010

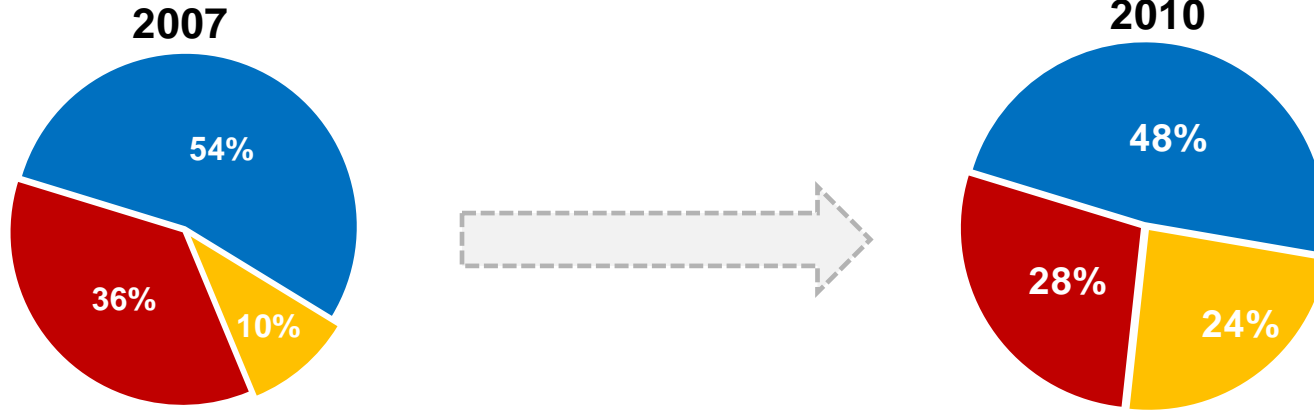
***) – front end excluding fabrication

Main Factors of Competitiveness

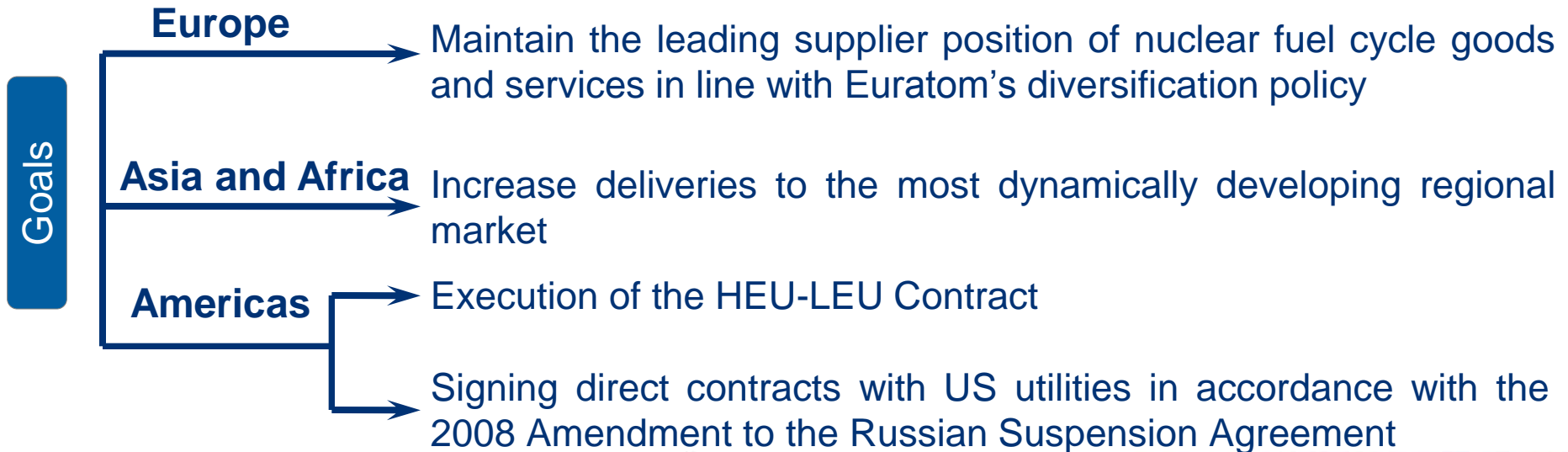
Competitiveness of commercial offers in the new market environment:

- Status of reliable supplier :
 - Impeccable international reputation and market record
 - Extensive production capabilities and leading technology
 - Geographical diversification of production basis
- Competitive commercial conditions (incl. flexibility of quantities, delivery timing, tails assay etc.)
- Readiness to manage market and currency risks
- Ability to provide:
 - divers terms and locations of product delivery, including the use of book transfers
 - the increase of security of supply through stockpiles availability
 - the minimum timing between the receipt of feed material and the delivery of product
 - “packages” of nuclear fuel cycle goods and services

TENEX's Export Geographical Structure



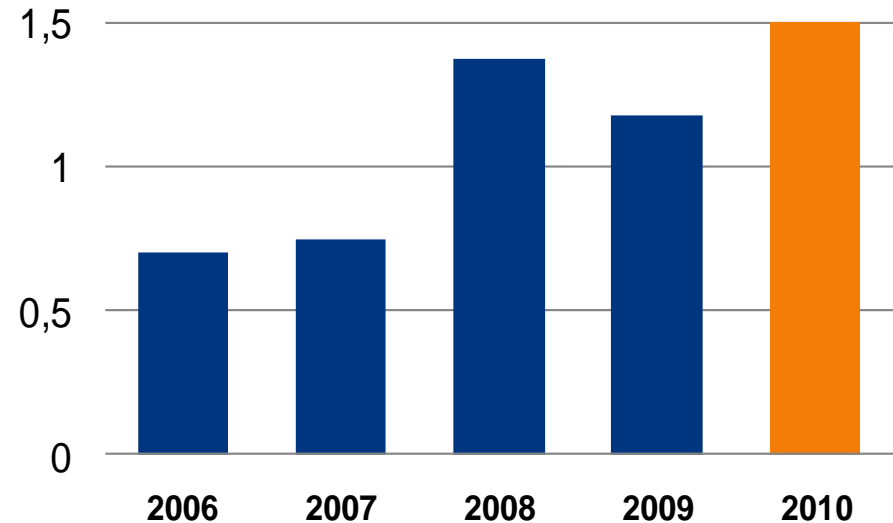
■ - Asia-Pacific and Africa Countries ■ - North and South Americas ■ - European Community (EC-15)



Europe – the TENEX largest market

- Stable positions in the EC market due to the direct contracts with most of the European utilities
- Long-term commercial cooperation – conclusion of several contracts lasting till 2020-2025
- TENEX further expansion in the EC market by penetration the segment of new NPPs'
- Activities on the EC market are assisted by TENEX subsidiaries – Internexco GmbH (Germany) and Tradewill Ltd. (the United Kingdom)

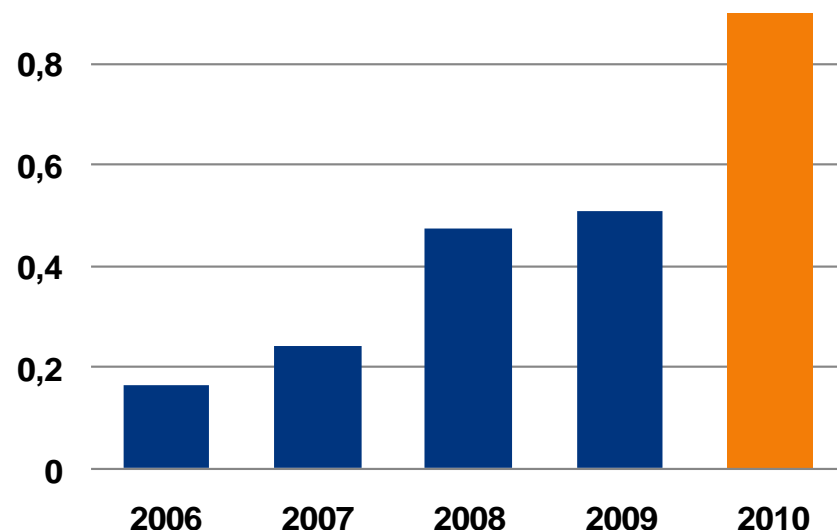
TENEX's deliveries to the EC, bln. USD



TENEX in the world Market: Asia-Pacific and Africa

- Before the Fukushima event the Asia-Pacific region was considered to be the most dynamic with ambitious nuclear energy development plans. In 2010 TENEX market share reached 30%.
- 3 contracts with regional utilities were signed in 2010, which includes the long-term contract with government-owned Eskom, the operator of the only NPP of the RSA and on the African continent - Koeberg. TENEX is to provide a major share of the NPPs SWU/EUP requirements.
- Contracting with the Japanese and Korean utilities was implemented with the support of TENEX subsidiaries: TENEX-Japan (Japan) and TENEX-Korea (Republic of Korea)

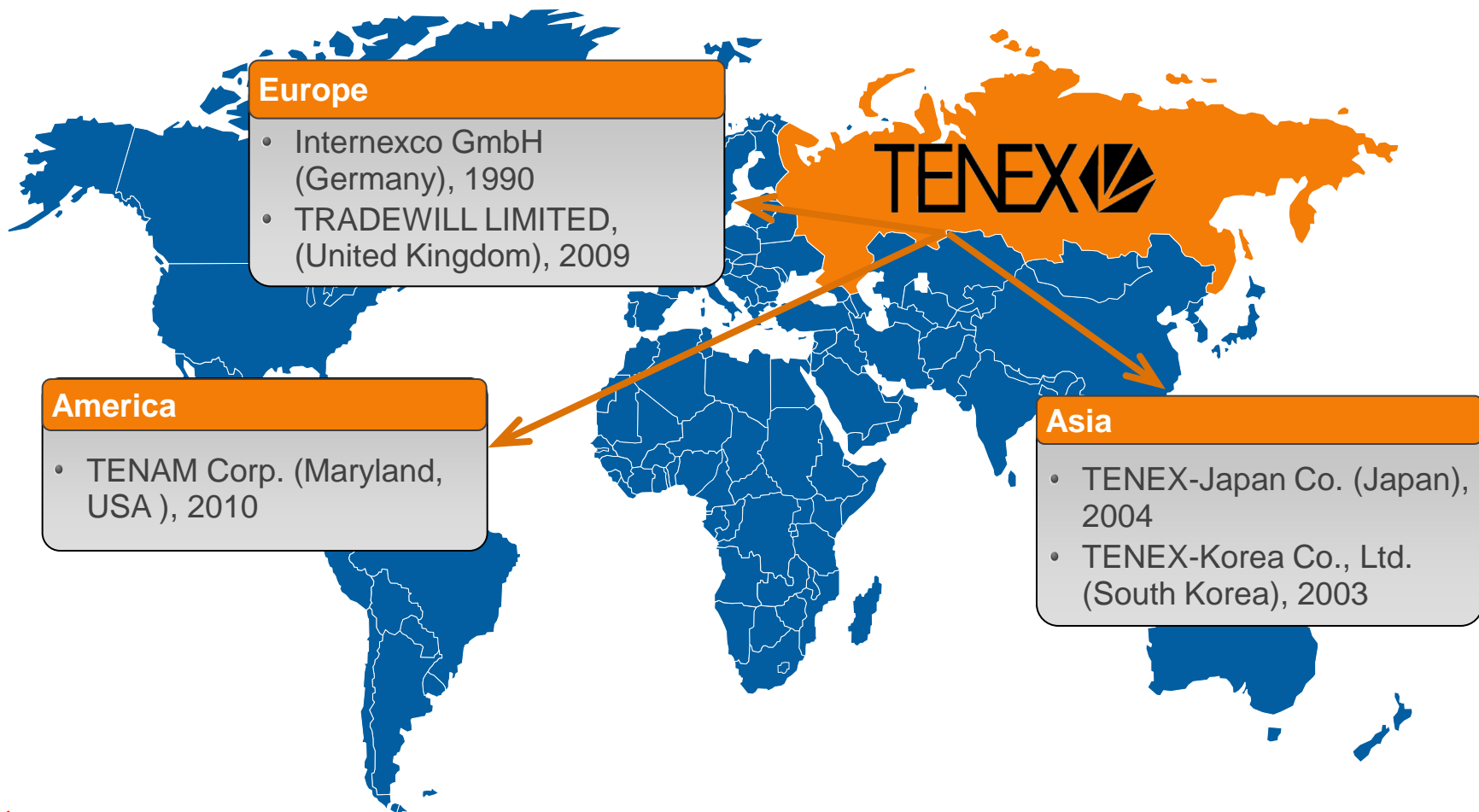
TENEX deliveries to Asia-Pacific and Africa, bln. USD



TENEX in the World Market: America

- TENEX is the authorized agent for the U.S.-Russia HEU-LEU Agreement
- In 2010 the share of TENEX's deliveries to America was equal to 28% of the total export (around 1 bln. USD)
- 39% of reactor requirements of U.S. NPPs are covered by Russian LEU
- In accordance with the Amendment to the Russian Suspension Agreement signed in 2008, TENEX concluded 12 contracts with 10 U.S. utilities
- TENEX covers 100% of the reactor requirements in EUP of Mexican utility CFE
- In October 2010 TENEX established in the USA the subsidiary company - TENAM Corp.

TENEX's Overseas Sales Network



✓ TENEX actively uses the overseas sales network to promote the deliveries of the nuclear fuel cycle goods and services and plans to proceed with its further development

- Increase market share, especially in the U.S. and Asia by signing new long-term direct contracts with utilities
- Implement supporting projects and activities to enlarge the direct market share: transport and logistics, material accounts, more flexibility in dealing with natural uranium, easing of trade barriers, business and international subsidiaries network expansion
- Enter the market of the initial core deliveries and first reloads of new reactors and secure our positions by formation of alliances with foreign reactor vendors and fabricators
- Encourage relations with the utilities planning new NPP construction
- Implementation of REPU project of foreign utilities
- Maintain the stability and cost-effectiveness of feed material flow for EUP production
- Production facilities localization projects abroad
- Participate in the process of optimization of Rosatom's conversion and enrichment facilities through the implementation of Rosatom's Fuel Division Strategy

Thank you for attention!