

Item 2.02 Results of Operations and Financial Condition.

On November 7, 2019, Centrus Energy Corp. (the “Company”) issued a press release announcing financial results for the quarter ended September 30, 2019. A copy of the press release is being furnished as Exhibit 99.1 and is incorporated herein by reference.

The information furnished pursuant to this Item 2.02, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Exchange Act.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

<u>Exhibit</u>	<u>Description</u>
99.1	Press release dated November 7, 2019

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Centrus Energy Corp.

Date: November 7, 2019

By:

/s/ Philip O. Strawbridge

Philip O. Strawbridge

Senior Vice President, Chief Financial Officer,
Chief Administrative Officer and Treasurer

FOR IMMEDIATE RELEASE:

November 07, 2019

Centrus Reports Third Quarter 2019 Results

- Net income of \$22.8 million - an improvement of \$30.6 million compared to the net loss of \$7.8 million in 3Q 2018
- Remain on track to return to profitability in 2020
- Repaid the \$27.5 million principal balance in outstanding 8.0% notes that matured on September 30, 2019
- Completed \$15 million decontamination and decommissioning project for the U.S. Department of Energy on time and on budget
- Finalized 3-year contract for the construction of high-assay low-enriched uranium (“HALEU”) demonstration cascade

BETHESDA, Md. - Centrus Energy Corp. (NYSE American: LEU) today reported net income of \$22.8 million for the quarter ended September 30, 2019, compared to a net loss of \$7.8 million for the third quarter of 2018. The net income allocable to common stockholders was \$20.9 million, or \$2.18 per common share (basic) and \$2.17 per common share (diluted), compared to a net loss allocable to common stockholders of \$9.7 million or \$1.06 per common share (basic and diluted), for the third quarter of 2018.

“This quarter we posted positive income results and repaid the outstanding balance on our remaining 8.0% notes,” said Daniel Poneman, Centrus president and chief executive officer. “We also completed D&D work on DOE’s K-1600 facility in Oak Ridge on time and on budget and finalized our three-year, \$115 million contract with DOE to demonstrate production of advanced reactor fuel.”

Financial Results

Centrus generated total revenue of \$104.7 million for the third quarter of 2019, an increase of \$70.6 million, or 207%, from the same period in the prior year. For the nine-month period ended September 30, 2019, revenue was \$154.0 million, an increase of \$44.8 million or 41%, from the same period in 2018.

Revenue from the LEU segment increased \$58.9 million (or 204%) in the three months and \$42.4 million (or 51%) in the nine months ended September 30, 2019, compared to the corresponding periods in 2018, reflecting the variability in timing of utility customer orders. As noted in the *2019 Outlook* below and consistent with prior years, revenue is anticipated to be heavily weighted to the second half of the year. The volume of SWU sales increased 752% in the three-month period and 41% in the nine-month period. The average price billed to customers for sales of SWU declined 50% in the three-month period and 9% in the nine-month period ended September 30, 2019, compared to the corresponding periods in 2018, reflecting the trend of lower SWU market prices in recent years and the particular contracts under which SWU were sold during the periods. The volume of uranium sales increased 15% in the three-month period and 137% in the nine-month period ended September 30, 2019, compared to the corresponding periods in 2018. The average price billed to customers for uranium sales declined 2% in the three-month period and increased 8% in the nine-month period.

Cost of sales for the LEU segment increased \$33.5 million (or 160%) in the three months and \$1.8 million (or 2%) in the nine months ended September 30, 2019, compared to the corresponding periods in 2018, reflecting the increases in SWU and uranium sales volumes partially offset by declines in the average cost of sales per SWU. The average cost of sales per SWU declined approximately 48% in the nine months ended September 30, 2019, compared to the corresponding period in 2018, primarily due to lower pricing in supply contracts. Cost of sales includes legacy costs related to benefits for former employees of the Portsmouth and Paducah Gaseous Diffusion Plants of \$2.8 million in the nine months ended September 30, 2019 and \$2.9 million in the nine months ended September 30, 2018.

Revenue from the contract services segment increased \$11.7 million (or 225%) in the three months and increased \$2.4 million (or 9%) in the nine months ended September 30, 2019, compared to the corresponding periods in 2018. The increase in the three and nine-month periods was primarily the result of work performed under the HALEU contract and the K-1600 D&D, partially offset by a decrease in work performed for the Battelle contract. The nine-month period in 2018 included \$9.5 million of revenue related to the January 2018 settlement with DOE related to past work performed.

Cost of sales for the contract services segment increased \$9.4 million (or 174%) in the three months and \$9.1 million (or 48%) in the nine months ended September 30, 2019, compared to the corresponding periods in 2018, reflecting the mix of contract services work performed in each of the periods.

Centrus realized a gross profit of \$35.5 million in the three months ended September 30, 2019, an increase of \$27.7 million compared to the gross profit of \$7.8 million in the corresponding period in 2018. In the nine months ended September 30, 2019, the Company realized a gross profit of \$25.7 million, an increase of \$33.9 million compared to the gross loss of \$8.2 million in the corresponding period in 2018.

2019 Outlook

Centrus reiterates its annual guidance for 2019, including SWU and uranium revenue in the range of \$155 million to \$180 million and total revenue to be in a range of \$205 million to \$230 million. Consistent with prior years, revenue continues to be most heavily weighted to the second half of the year. The Company continues to expect to end 2019 with a cash and cash equivalents balance in a range of \$105 million to \$125 million.

Based on cost estimates that are currently under review for the three-year HALEU program, Centrus expects to recognize a contract loss in the fourth quarter of 2019 in the approximate range of \$17-22 million. For further details, refer to the Company's Press Release dated November 5, 2019.

Our financial guidance is subject to a number of assumptions and uncertainties that could affect results either positively or negatively. Variations from our expectations could cause differences between our guidance and our ultimate results. Among the factors that could affect our results are:

- Additional purchases or sales of SWU and uranium;
- Conditions in the LEU and energy markets, including pricing, demand, operations, and regulations;
- Timing of customer orders, related deliveries, and purchases of LEU or components;
- Contracts for any additional scope of work with UT-Battelle;
- Financial market conditions and other factors that may affect pension and benefit liabilities and the value of related assets;
- The outcome of legal proceedings and other contingencies;
- Potential use of cash for strategic or financial initiatives;
- Actions taken by customers, including actions that might affect existing contracts; and,
- Market, international trade and other conditions impacting Centrus' customers and the industry.

About Centrus Energy Corp.

Centrus is a trusted supplier of nuclear fuel and services for the nuclear power industry. Centrus provides value to its utility customers through the reliability and diversity of its supply sources - helping them meet the growing need for clean, affordable, carbon-free electricity. Since 1998, the Company has provided its utility customers with more than 1,750 reactor years of fuel, which is equivalent to 7 billion tons of coal.

With world-class technical capabilities, Centrus offers turnkey engineering and advanced manufacturing solutions to its customers. The Company is also advancing the next generation of centrifuge technologies so that America can restore its domestic uranium enrichment capability in the future. Find out more at www.centrusenergy.com.

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Forward-Looking Statements

This news release contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 - that is, statements related to future events. In this context, forward-looking statements may address our expected future business and financial performance, and often contain words such as "expects", "anticipates", "intends", "plans", "believes", "will", "should", "could", "would" or "may" and other words of similar meaning. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For Centrus Energy Corp., particular risks and uncertainties that could cause our actual future results to differ materially from those expressed in our forward-looking statements include: risks related to our significant long-term liabilities, including material unfunded defined benefit pension plan obligations and postretirement health and life benefit obligations; risks relating to our 8.25% notes (the "8.25% Notes") maturing in February 2027 and our Series B Senior Preferred Stock; risks related to the use of our net operating loss ("NOLs") carryforwards and net unrealized built-in losses ("NUBILs") to offset future taxable income and the use of the Rights Agreement (as defined herein) to prevent an "ownership change" as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the "Code") and our ability to generate taxable income to utilize all or a portion of the NOLs and NUBILs prior to the expiration thereof; risks related to the limited trading markets in our securities; risks related to our ability to maintain the listing of our Class A Common Stock on the NYSE American LLC (the "NYSE American"); risks related to decisions made by our Class B stockholders regarding their investment in the Company based upon factors that are unrelated to the Company's performance; risks related to the Company's capital concentration; the continued impact of the March 2011 earthquake and tsunami in Japan on the nuclear industry and on our business, results of operations and prospects; the impact and potential extended duration of the current supply/demand imbalance in the market for low-enriched uranium ("LEU"); our dependence on others for deliveries of LEU including deliveries from the Russian government-owned entity TENEX, Joint-Stock Company ("TENEX"), under a commercial supply agreement with TENEX and deliveries under a long-term supply agreement with Orano Cycle ("Orano"); risks related to our ability to sell the LEU we procure pursuant to our purchase obligations under our supply agreements; risks relating to our sales order book, including uncertainty concerning customer actions under current contracts and in future contracting due to market conditions and lack of current production capability; risks related to financial difficulties experienced by customers,

including possible bankruptcies, insolvencies or any other inability to pay for our products or services; pricing trends and demand in the uranium and enrichment markets and their impact on our profitability; movement and timing of customer orders; risks related to the value of our intangible assets related to the sales order book and customer relationships; risks associated with our reliance on third-party suppliers to provide essential products and services to us; risks related to existing or new trade barriers and contract terms that limit our ability to deliver LEU to customers; risks related to actions, including government reviews, that may be taken by the U.S. government, the Russian government or other governments that could affect our ability to perform under our contract obligations or the ability of our sources of supply to perform under their contract obligations to us, including the imposition of sanctions, restrictions or other requirements; the impact of government regulation including by the U.S. Department of Energy (“DOE”) and the U.S. Nuclear Regulatory Commission; uncertainty regarding our ability to commercially deploy competitive enrichment technology; risks and uncertainties regarding funding for the American Centrifuge project and our ability to perform under our agreement with DOE to demonstrate the capability to produce high assay low enriched uranium (“HALEU”) and our ability to obtain and/or perform under our future agreements with the DOE, UT-Battelle, LLC (“UT-Battelle”), the management and operating contractor for Oak Ridge National Laboratory (“ORNL”), for continued research and development of the American Centrifuge technology; the potential for further demobilization or termination of our American Centrifuge work; risks related to our ability to perform and receive timely payment under agreements with the DOE, including risk and uncertainties related to the ongoing funding of the government and potential audits; the competitive bidding process associated with obtaining a federal contract; risks related to our ability to perform fixed-price contracts, including the risk that costs could be higher than expected; risks that we will be unable to obtain new business opportunities, achieve market acceptance of our products and services or that products or services provided by others will render our goods or services obsolete or noncompetitive; risks that we will not be able to timely complete the work that we are obligated to perform; failures or security breaches of our information technology systems; potential strategic transactions, which could be difficult to implement, disrupt our business or change our business profile significantly; the outcome of legal proceedings and other contingencies (including lawsuits and government investigations or audits); the competitive environment for our products and services; changes in the nuclear energy industry; the impact of financial market conditions on our business, liquidity, prospects, pension assets and insurance facilities; risks related to the identification of a material weakness in our internal controls over financial reporting; the risks of revenue and operating results fluctuating significantly from quarter to quarter, and in some cases, year to year; and other risks and uncertainties discussed in this and our other filings with the Securities and Exchange Commission, including under Part 1. Item1A - “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2018.

These factors may not constitute all factors that could cause actual results to differ from those discussed in any forward-looking statement. Accordingly, forward-looking statements should be not be relied upon as a predictor of actual results. Readers are urged to carefully review and consider the various disclosures made in this report and in our other filings with the Securities and Exchange Commission that attempt to advise interested parties of the risks and factors that may affect our business. We do not undertake to update our forward-looking statements to reflect events or circumstances that may arise after the date of this Quarterly Report on Form 10-Q, except as required by law.

Contact

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CENTRUS ENERGY CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; in millions, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenue:				
Separative work units	\$ 75.0	\$ 17.6	\$ 87.4	\$ 68.2
Uranium	12.8	11.3	38.1	14.9
Contract services	16.9	5.2	28.5	26.1
Total revenue	104.7	34.1	154.0	109.2
Cost of Sales:				
Separative work units and uranium	54.4	20.9	100.4	98.6
Contract services	14.8	5.4	27.9	18.8
Total cost of sales	69.2	26.3	128.3	117.4
Gross profit (loss)	35.5	7.8	25.7	(8.2)
Advanced technology costs	1.3	5.8	13.0	19.2
Selling, general and administrative	8.7	8.8	24.5	29.7
Amortization of intangible assets	1.8	1.7	4.1	4.5
Special charges (credits) for workforce reductions and advisory costs	0.8	0.6	(2.2)	1.5
Gain on sales of assets	(0.2)	—	(0.7)	(0.3)
Operating income (loss)	23.1	(9.1)	(13.0)	(62.8)
Nonoperating components of net periodic benefit expense (income)	(0.1)	(1.6)	(0.2)	(4.9)
Interest expense	0.9	1.0	2.9	3.0
Investment income	(0.5)	(0.7)	(1.9)	(1.9)
Income (loss) before income taxes	22.8	(7.8)	(13.8)	(59.0)
Income tax benefit	—	—	(0.1)	(0.1)
Net income (loss) and comprehensive income (loss)	22.8	(7.8)	(13.7)	(58.9)
Preferred stock dividends - undeclared and cumulative	1.9	1.9	5.9	5.9
Net income (loss) allocable to common stockholders	\$ 20.9	\$ (9.7)	\$ (19.6)	\$ (64.8)
Net income (loss) per common share:				
Basic	\$ 2.18	\$ (1.06)	\$ (2.05)	\$ (7.11)
Diluted	\$ 2.17	\$ (1.06)	\$ (2.05)	\$ (7.11)
Average number of common shares outstanding (in thousands):				
Basic	9,582	9,133	9,560	9,118
Diluted	9,626	9,133	9,560	9,118

CENTRUS ENERGY CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited; in millions, except share and per share data)

	September 30, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 77.2	\$ 123.1
Accounts receivable	19.1	60.2
Inventories	105.2	129.7
Deferred costs associated with deferred revenue	136.1	134.9
Deposits for financial assurance	17.2	30.3
Other current assets	8.3	6.3
Total current assets	363.1	484.5
Property, plant and equipment, net of accumulated depreciation of \$2.1 as of September 30, 2019 and \$1.6 as of December 31, 2018	3.8	4.2
Deposits for financial assurance	5.7	6.3
Intangible assets, net	71.9	76.0
Other long-term assets	6.7	0.7
Total assets	<u>\$ 451.2</u>	<u>\$ 571.7</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 42.0	\$ 52.4
Payables under SWU purchase agreements	13.0	46.0
Inventories owed to customers and suppliers	36.9	103.0
Deferred revenue and advances from customers	233.1	204.5
Current debt	6.1	32.8
Total current liabilities	331.1	438.7
Long-term debt	114.1	120.2
Postretirement health and life benefit obligations	130.3	136.2
Pension benefit liabilities	159.0	168.9
Advances from customers	29.4	15.0
Other long-term liabilities	22.7	14.6
Total liabilities	786.6	893.6
Stockholders' deficit:		
Preferred stock, par value \$1.00 per share, 20,000,000 shares authorized		
Series A Participating Cumulative Preferred Stock, none issued	—	—
Series B Senior Preferred Stock, 7.5% cumulative, 104,574 shares issued and outstanding and an aggregate liquidation preference of \$125.2 as of September 30, 2019 and \$119.3 as of December 31, 2018	4.6	4.6
Class A Common Stock, par value \$0.10 per share, 70,000,000 shares authorized, 8,051,307 and 8,031,308 shares issued and outstanding as of September 30, 2019 and December 31, 2018, respectively	0.8	0.8
Class B Common Stock, par value \$0.10 per share, 30,000,000 shares authorized, 1,406,082 shares issued and outstanding as of September 30, 2019 and December 31, 2018	0.1	0.1
Excess of capital over par value	61.4	61.2
Accumulated deficit	(402.2)	(388.5)
Accumulated other comprehensive income, net of tax	(0.1)	(0.1)
Total stockholders' deficit	(335.4)	(321.9)
Total liabilities and stockholders' deficit	<u>\$ 451.2</u>	<u>\$ 571.7</u>

CENTRUS ENERGY CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in millions)

	Nine Months Ended September 30,	
	2019	2018
OPERATING		
Net loss	\$ (13.7)	\$ (58.9)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	4.5	5.1
PIK interest on paid-in-kind toggle notes	1.1	1.2
Gain on sales of assets	(0.7)	(0.3)
Inventory valuation adjustments	2.3	—
Changes in operating assets and liabilities:		
Accounts receivable	31.3	57.6
Inventories, net	(9.3)	30.6
Payables under SWU purchase agreements	(33.0)	(64.8)
Deferred revenue and advances from customers, net of deferred costs	18.9	(16.7)
Accounts payable and other liabilities	(11.2)	(10.3)
Pension and postretirement liabilities	(15.9)	(21.4)
Other, net	(0.8)	0.2
Cash used in operating activities	(28.8)	(77.7)
INVESTING		
Capital expenditures	—	(0.1)
Proceeds from sales of assets	0.7	0.4
Cash provided by investing activities	0.7	0.3
FINANCING		
Principal payments on debt	(27.5)	—
Payments for deferred financing costs	(0.2)	—
Payment of interest classified as debt	(6.1)	(6.1)
Cash used in financing activities	(33.8)	(6.1)
Decrease in cash, cash equivalents and restricted cash	(61.9)	(83.5)
Cash, cash equivalents and restricted cash, beginning of period	159.7	244.8
Cash, cash equivalents and restricted cash, end of period	\$ 97.8	\$ 161.3
Supplemental cash flow information:		
Interest paid in cash	\$ 1.5	\$ 0.8
Non-cash activities:		
Conversion of interest payable-in-kind to debt	\$ 0.7	\$ 1.7
Deferred financing costs included in accounts payable and accrued liabilities	\$ 0.4	\$ —
Right to use lease assets acquired under operating lease	\$ 2.9	\$ —
Disposal of right to use lease assets for early termination	\$ 0.2	\$ —