Centrus Launches Additional Investment in Centrifuge Manufacturing

November 20, 2024

Investment lays groundwork for potential large-scale uranium enrichment expansion

BETHESDA, Md., Nov. 20, 2024 /PRNewswire/ -- Centrus Energy Corp. (NYSE American: LEU) today announced that it is resuming centrifuge manufacturing activities and expanding its manufacturing capacity at its facility in Oak Ridge, Tennessee. The company will invest an additional approximately $60 million for this effort over the next 18 months to lay the groundwork to support a potential large-scale expansion of uranium enrichment at the Centrus' American Centrifuge Plant in Piketon, Ohio. Such a large-scale expansion would require a multi-billion dollar public and private investment.

This announcement follows Centrus' recent success in securing over $2 billion in contingent purchase commitments from customers to support future production of Low-Enriched Uranium (LEU), as well as two awards from the U.S. Department of Energy aimed at enrichment and deconversion of High-Assay, Low-Enriched Uranium (HALEU).

Centrus President and CEO Amir Vexler said: "Today's investment will jump-start what we hope will be a multi-billion dollar public and private commitment to reestablishing America's uranium enrichment capacity at scale while reducing our dependence on foreign nations -- deploying American technology, built by American workers, supported by an American supply chain. The all-American solution we are offering represents the best path forward to ensure a reliable fuel supply for today's reactors, support the deployment of next generation reactors, and meet America's enduring national security needs for enriched uranium. Most importantly, it puts us in position to execute an expansion quickly."

Continued Vexler: "We have always said that restoring U.S. enrichment capacity at scale requires a public-private partnership, including a robust federal investment alongside customer offtake commitments and private capital. This additional investment by Centrus reflects our continued willingness to step up to the plate in such a partnership."

Centrus' American Centrifuge technology is exclusively manufactured at its 440,000 square foot Technology and Manufacturing Center in Oak Ridge and is supported by a nationwide supply chain of 14 major suppliers – all of them American companies – with operations in at least 13 states plus dozens of other smaller suppliers. The only other Western centrifuge technology in commercial operation today is the European centrifuge design, which is exclusively manufactured in the Netherlands.

Federal Investments in Domestic Uranium Enrichment

Centrus is competing for more than $3.4 billion that Congress appropriated to the Department of Energy to jumpstart domestic nuclear fuel production. As part of that effort, Centrus, via its American Centrifuge Operating (ACO) subsidiary, was selected by the Department as one of four awardees under a competitive solicitation aimed at expanding domestic commercial production of HALEU. The contract has a minimum value of $2 million and contract ceiling of $2.7 billion for all awardees. The Department also selected ACO and several other companies under a separate solicitation aimed at HALEU deconversion, a subsequent step in the HALEU production process. A third solicitation, aimed at U.S. production of LEU for existing reactors, has not yet been awarded. The ultimate dollar amount associated with these contracts -- and the potential scale of the expansion supported -- will depend upon task orders subsequently issued by the Department to ACO under these contracts.

About Centrus Energy

Centrus Energy is a trusted American supplier of nuclear fuel and services for the nuclear power industry, helping meet the growing need for clean, affordable, carbon-free energy. Since 1998, the Company has provided its utility customers with more than 1,850 reactor years of fuel, which is equivalent to more than 7 billion tons of coal.

With world-class technical and engineering capabilities, Centrus is pioneering production of High-Assay, Low-Enriched Uranium and is leading the effort to restore America's uranium enrichment capabilities at scale so that we can meet our clean energy, energy security, and national security needs. Find out more at www.centrusenergy.com.

Forward Looking Statements

This news release contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. In this context, forward-looking statements mean statements related to future events, which may impact 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. These forward-looking statements are based on information available to us as of the date of this news release and represent management's current views and assumptions with respect to future events and operational, economic and financial performance. Forward-looking statements are not guarantees of future performance, events or results and involve known and unknown risks, uncertainties and other factors, which may be beyond our control.

For Centrus Energy Corp., particular risks and uncertainties (hereinafter "risks") that could cause our actual future results to differ materially from those expressed in our forward-looking statements and which are, and may be, exacerbated by any worsening of the global business and economic environment include but are not limited to the following: risks related to the U.S. Department of Energy ("DOE") not awarding any contracts to the Company in response to any of the Company's proposals; risks related to DOE not issuing any task orders to any awardee under any of the HALEU or Deconversion contracts or any task orders to the Company under either of those contracts; risks related to the Company not winning a task order under the HALEU contract to expand its HALEU plant; risks related to DOE not providing adequate share of the appropriated funding; risks related to our ability to secure financing to expand our plant; risks related to our ability to increase capacity in a timely manner to meet market demand or our contractual obligations; risks related to laws that ban or restrict (i) imports of Russian LEU into the United States or export of Russian LEU out of Russia, including but not limited to the "Prohibiting Russian Uranium Imports Act" ("Import Ban Act") or Russian Federation Decree No. 1544 or (ii) transactions with the Russian State Atomic Energy Corporation ("Rosatom") or its subsidiaries, which includes TENEX; risks related to our potential inability to secure additional waivers or other exceptions from the Import Ban Act or sanctions in a timely manner or at all in order to allow us to continue importing Russian LEU under the TENEX Supply Contract or otherwise doing business with TENEX or implementing the TENEX Supply Contract; risks related to TENEX's refusal or inability to deliver LEU to us for any reason including because (i) U.S. or foreign government sanctions or bans are imposed on LEU from Russia or on TENEX, (ii) TENEX is unable or unwilling to deliver or export LEU, receive payments, receive the return of natural uranium hexafluoride, or conduct other activities related to the TENEX Supply Contract, or (iii) TENEX elects, or is directed (including by its owner or the Russian government), to limit or stop transactions with us or with the United States or other countries; risks related to the increasing quantities of LEU being imported into the U.S. from China and the impact on our ability to make future LEU or SWU sales or ability to finance any buildout of our enrichment capacities; risks related to whether or when government funding or demand for high-assay low-enriched uranium ("HALEU") for government or commercial uses will materialize and at what level; risks related to (i) our ability to perform and absorb costs under our agreement with the DOE to deploy and operate a cascade of centrifuges to demonstrate production of HALEU for advanced reactors (the "HALEU Operation Contract"), (ii) our ability to obtain new contracts and funding to be able to continue operations and (iii) our ability to obtain and/or perform under other agreements; risks related to reliance on the only firm that has the necessary permits and capability to transport LEU from Russia to the United States and that firm's ability to maintain those permits and capabilities or secure additional permits; risks that (i) we may not obtain the full benefit of the HALEU Operation Contract and may not be able or allowed to operate the HALEU enrichment facility to produce HALEU after the completion of the HALEU Operation Contract or (ii) the output from the HALEU enrichment facility may not be available to us as a future source of supply; risks related to the fact that we face significant competition from major LEU producers who may be less cost sensitive or are wholly or partially government owned; risks related to the potential for demobilization or termination of the HALEU Operation Contract.

Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this news release. 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 not be relied upon as a predictor of actual results. Readers are urged to carefully review and consider the various disclosures made in this news release and in our filings with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2023, under Part II, Item 1A - "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, and in our filings with the SEC 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 news release, except as required by law.

Contacts:

Investors: Neal Nagarajan at NagarajanNK@centrusenergy.com
Media: Lindsey Geisler at GeislerLR@centrusenergy.com

View original content to download multimedia:https://www.prnewswire.com/news-releases/centrus-launches-additional-investment-in-centrifuge-manufacturing-302311771.html

SOURCE Centrus Energy Corp.