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AREVA


2002 Results
AREVA Group

Anne Lauvergeon
Chairman of the Executive Board

Gérald Arbola
Member of the Executive Board, Chief Financial Officer

Thursday, March 27, 2003

2002 Results ahead of objectives

Objective	Actual	
	2001	2002
Nuclear		
▶ Double-digit growth in operating income 2002-2004	€417M	+ 56%
▶ Internationalization: growth in sales revenues	€2,911M	+ 22%
Connectors		
▶ Reduction in operating loss before restructuring	€181M	+ 44M€
Growth in Operational Income	€122M	+ 48%
Net income - Group share improving	€587M	
Asset disposals	M.A.I / Sovakle/ Tour AREVA	

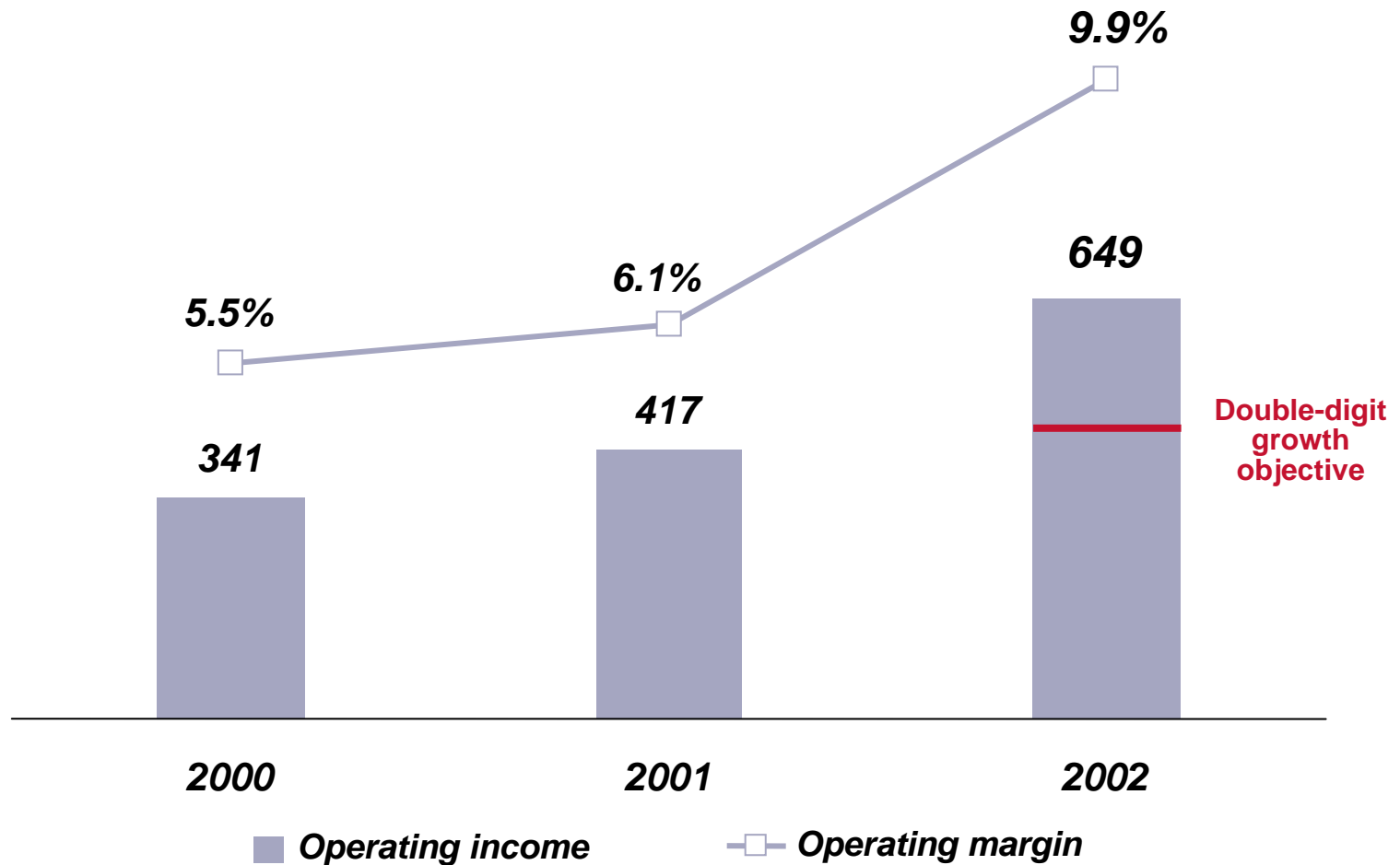
Group Financial Highlights

in million euros	2001	2002	Δ
Sales Revenues	8,902	8,265	-7.2%
Op. income before restruc. costs	210	525	+250%
Operating income	122	180	+48%
Financial income	200	587	
Net income (loss) Group share	(587)	240	
Net economic cash*	705	1,063	

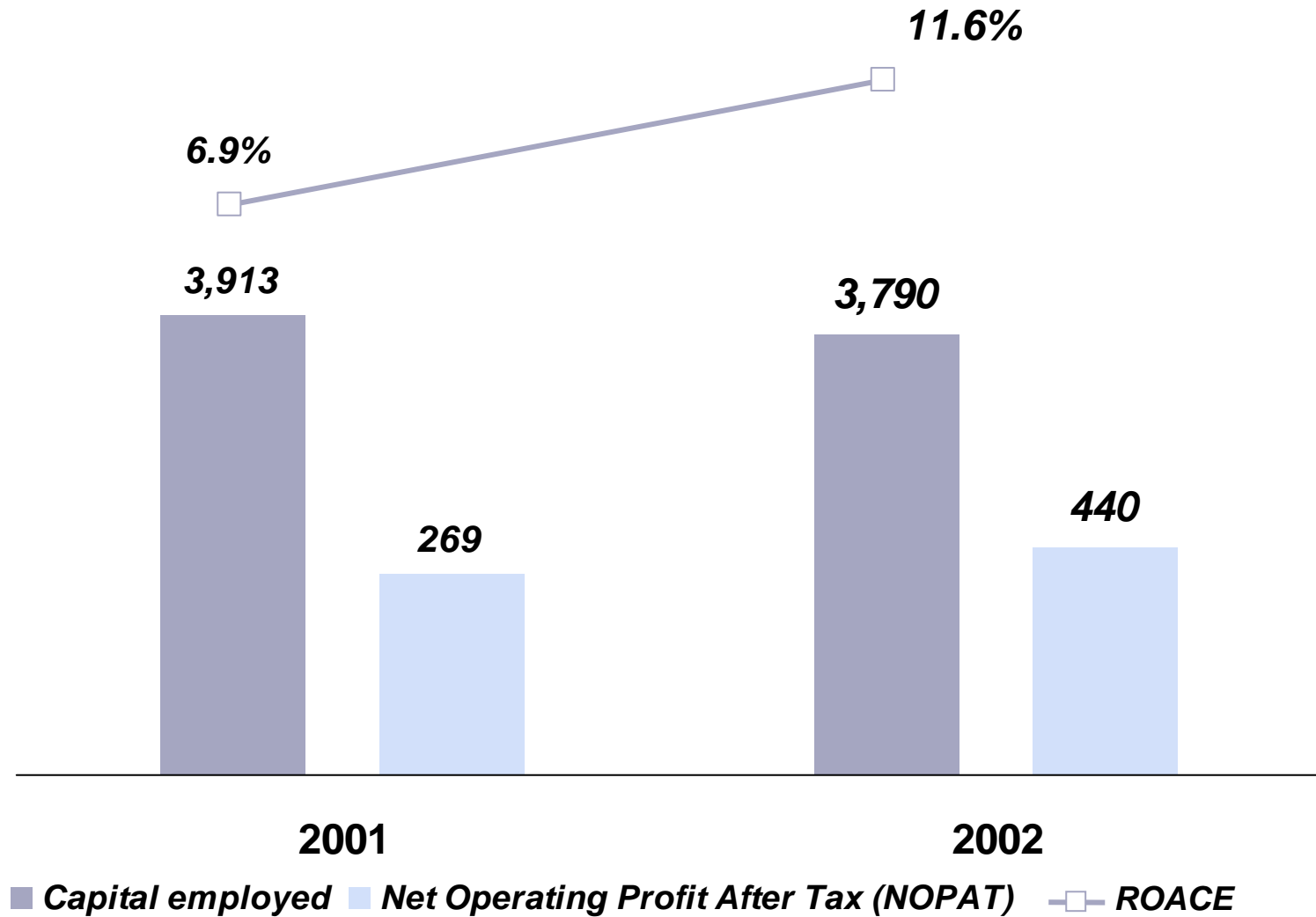
*: Cash + investment securities + unrealized gains on investment securities net of tax – debt – interest-bearing customer advances.

Nuclear: Operating margin of 9.9%, ahead of objectives

Change in operating income (in millions of euros)



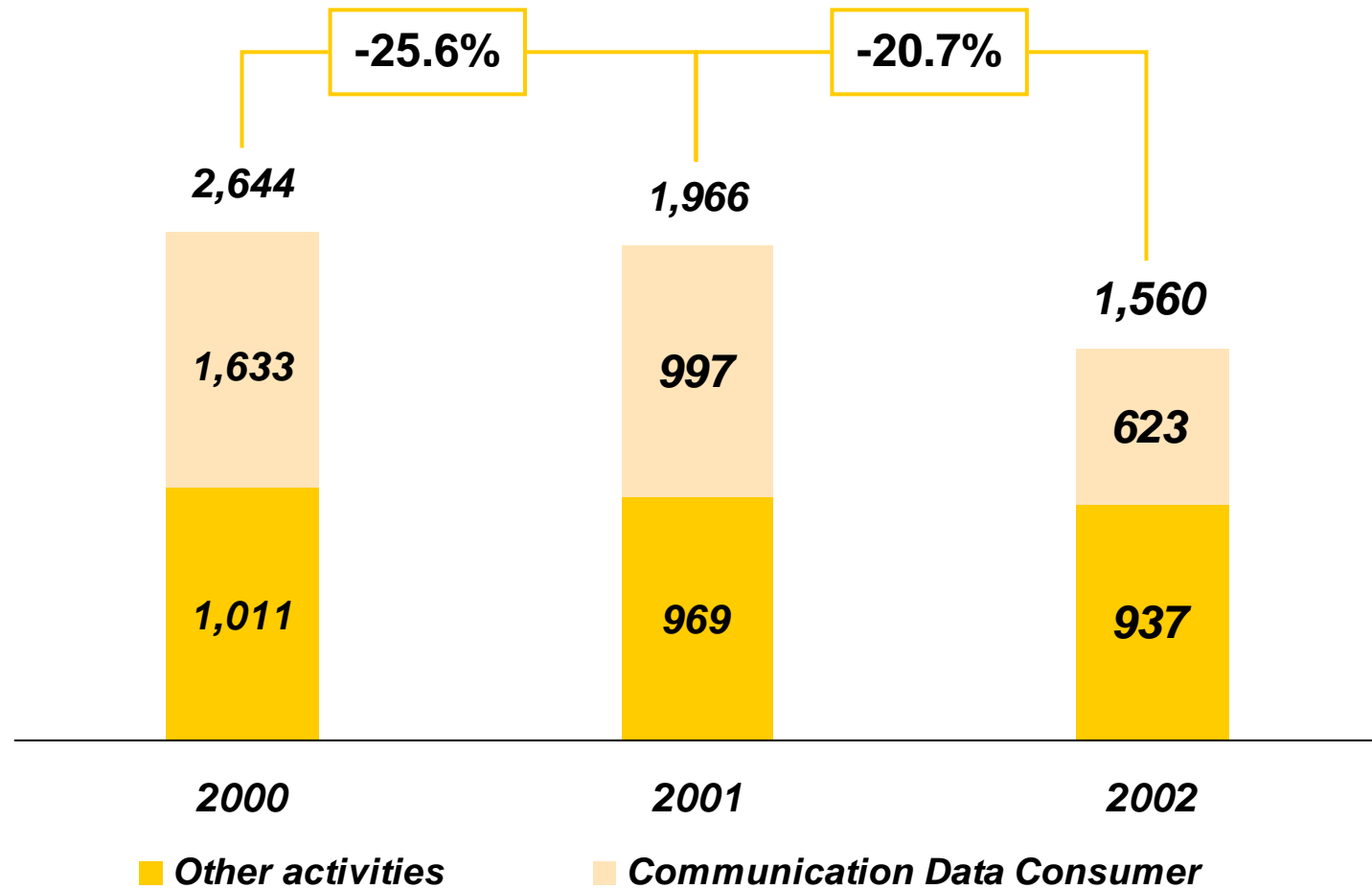
Nuclear increases its return on capital employed (ROACE*)



*: Operating income after standard tax / average capital employed (see details of calculation in appendix)

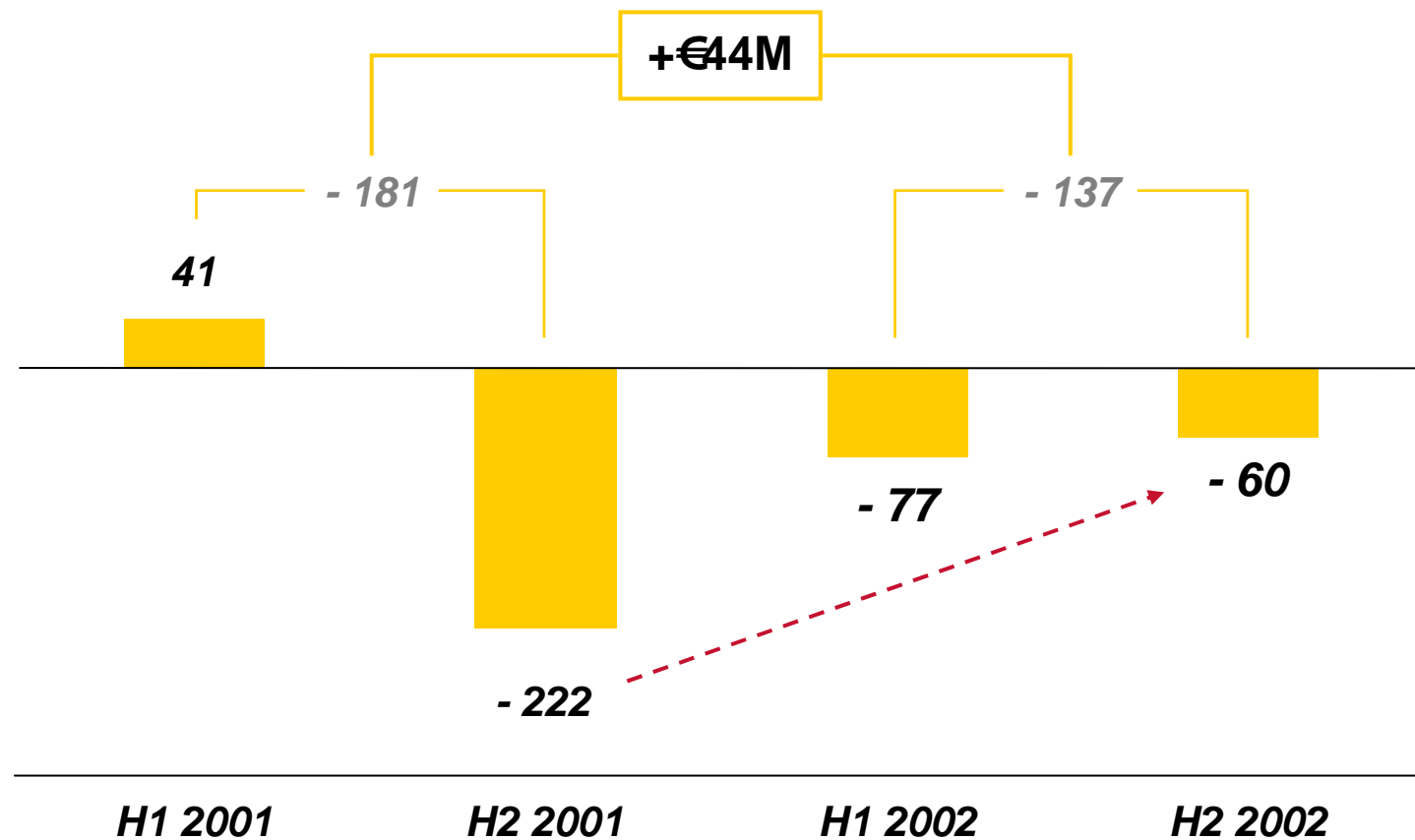
Connectors: double dip in the telecommunications market

Trend in Connector sales revenues (in millions of euros)



Connectors: Losses cut each half of fiscal year

Trend in operating income before restructuring (in millions of euros)



Connectors: Further write-down to goodwill

- ▶ **Business Plan checked with 80 customers worldwide**
- ▶ **Change model implemented by FCI**
- ▶ **Impairment test and further write-down to goodwill of €275M in 2002 (vs €730M in 2001)**
 - ◆ **Net book value of goodwill at 12/31/2002: €380M**
- ▶ **Additional restructuring costs**
 - ◆ **Cost of measures decided upon in 2002: €162M**
 - ◆ **Extraordinary write-down to industrial assets: €107M**

Group income statement

in millions of euros	2001	2002	Δ
Sales	8,902	8,265	-7.2%
Operating income	122	180	+48%
Net financial income	200	587	388
Extraordinary income	319	289	(30)
Equity affiliates	102	83	(19)
Taxes	(120)	(220)	(100)
Goodwill	(989)	(593)	(396)
Minority interests	(220)	(86)	134
Net income, Group share	(587)	240	807
Net earnings per share (in euros)	(18.6)	6.8	

Group income statement

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Net financial income includes large capital gains on sales of securities

in millions of euros	2001	2002	Δ
Income from investments and interest expense	30	10	(20)
Currency income (loss)	(6)	1	7
Gains on sales of securities	92	689	597
Dividends received	60	57	(3)
Write-down of securities	28	(47)	(75)
LT Contract & Decommissioning:	(17)	(115)	(98)
Other financial income and expense	15	(8)	(23)
Net financial income	200	587	367

- ▶ ***Most long-term contracts are denominated in euros***
- ▶ ***The group has little exposure to fluctuations in the dollar***
 - ◆ ***Long-term contracts are hedged***
 - ◆ ***Unhedged portion: primarily connectors,
+/- 10% on the \$ → +/- €130M on Sales***
- ▶ ***Minor exposure to the Yen***

Extraordinary items

in millions of euros	2001	2002
Sovaklé sale	-	77
Sale of Tower in <i>la Défense</i>	-	216
Dilution gain	303	-
Other	16	(4)
Extraordinary items	319	289

Extraordinary write-down of goodwill

in millions of euros	2001	2002
Amortization charge for the year	(200)	(153)
Ext. write-down on AREVA	(59)	(165)
Ext. write-down on FCI	(730)	(275)
Total goodwill charge	(989)	(593)

Group Consolidated Balance Sheet

ASSETS	12.31.01	12.31.02	LIABILITIES	12.31.01	12.31.02
Intang. assets	2,729	2,047	Shareholders' equity	4,187	4,020
Tangible assets	5,321	4,647	Undated sub. notes (TSDI)	216	216
<i>Decommissioning assets</i>	<i>0</i>	<i>9,223</i>	Minority interests	1,004	988
<i>Dedicated portfolio</i>	<i>2,003</i>	<i>2,127</i>			
Industrial interests	1,674	1,652	<i>Decommissioning prov</i>	<i>2,759</i>	<i>12,283</i>
Long-term financial assets	1,203	453	<i>AREVA portion</i>	<i>2,759</i>	<i>4,263</i>
Total Fixed assets	12,930	20,149	Other provisions	2,825	2,770
Work. cap. requirements	(1,210)	(957)	Net cash	729	(1,085)
Total assets	11,720	19,192	Total liabilities	11,720	19,192

Decommissioning provision (AREVA Group share)

Dec 31, 2001

€3.5 bn

Year 2002

Change in accounting methods

***Change in consolidation scope
(new sites, ...)***

Dec 31, 2002

€4.3 bn

H1 2003

Conclude EDF negotiations

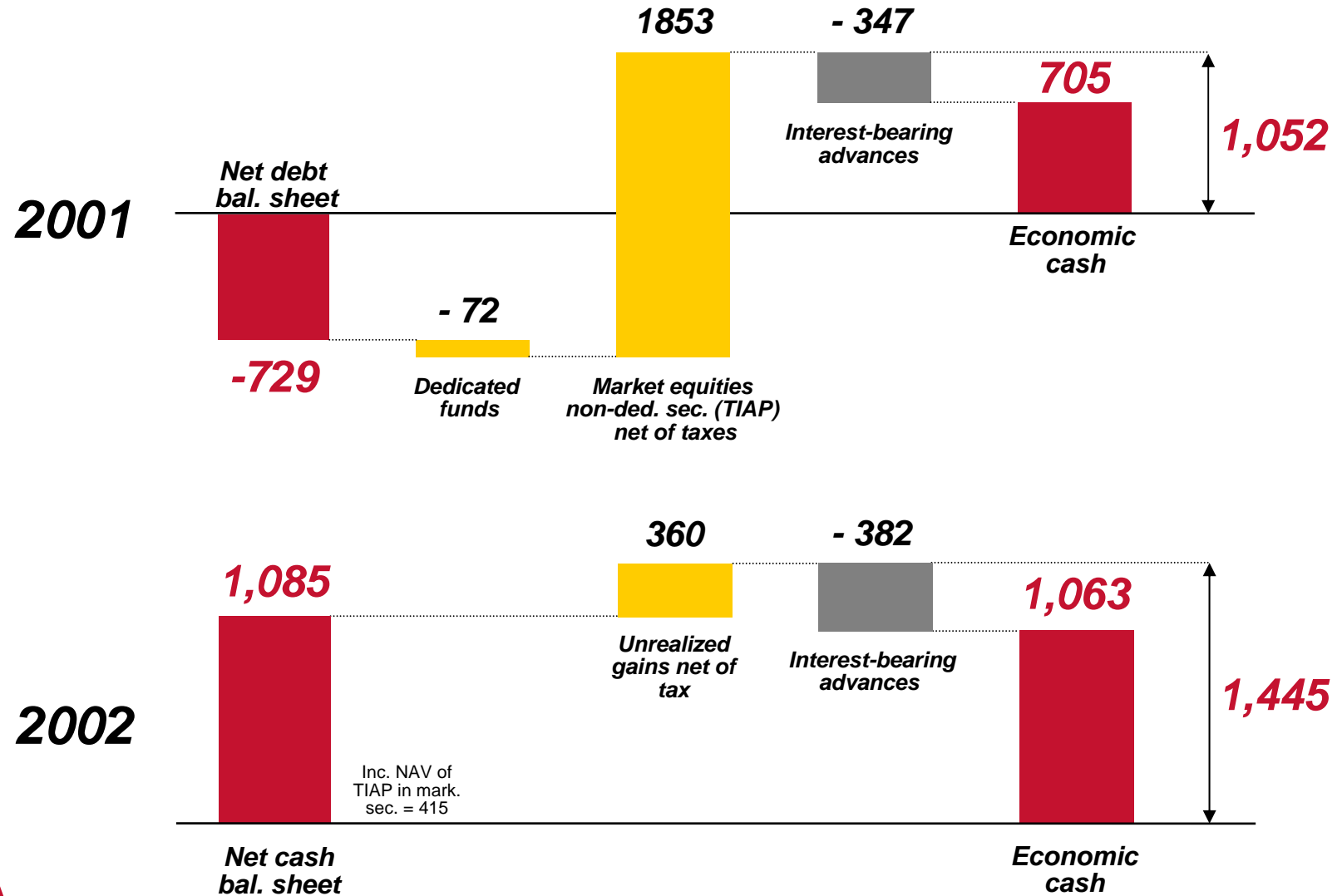
Finalize review of tender offer

***Announcement on publication
of H1 2003 accounts***

A financial portfolio dedicated to decommissioning expenses has been made up

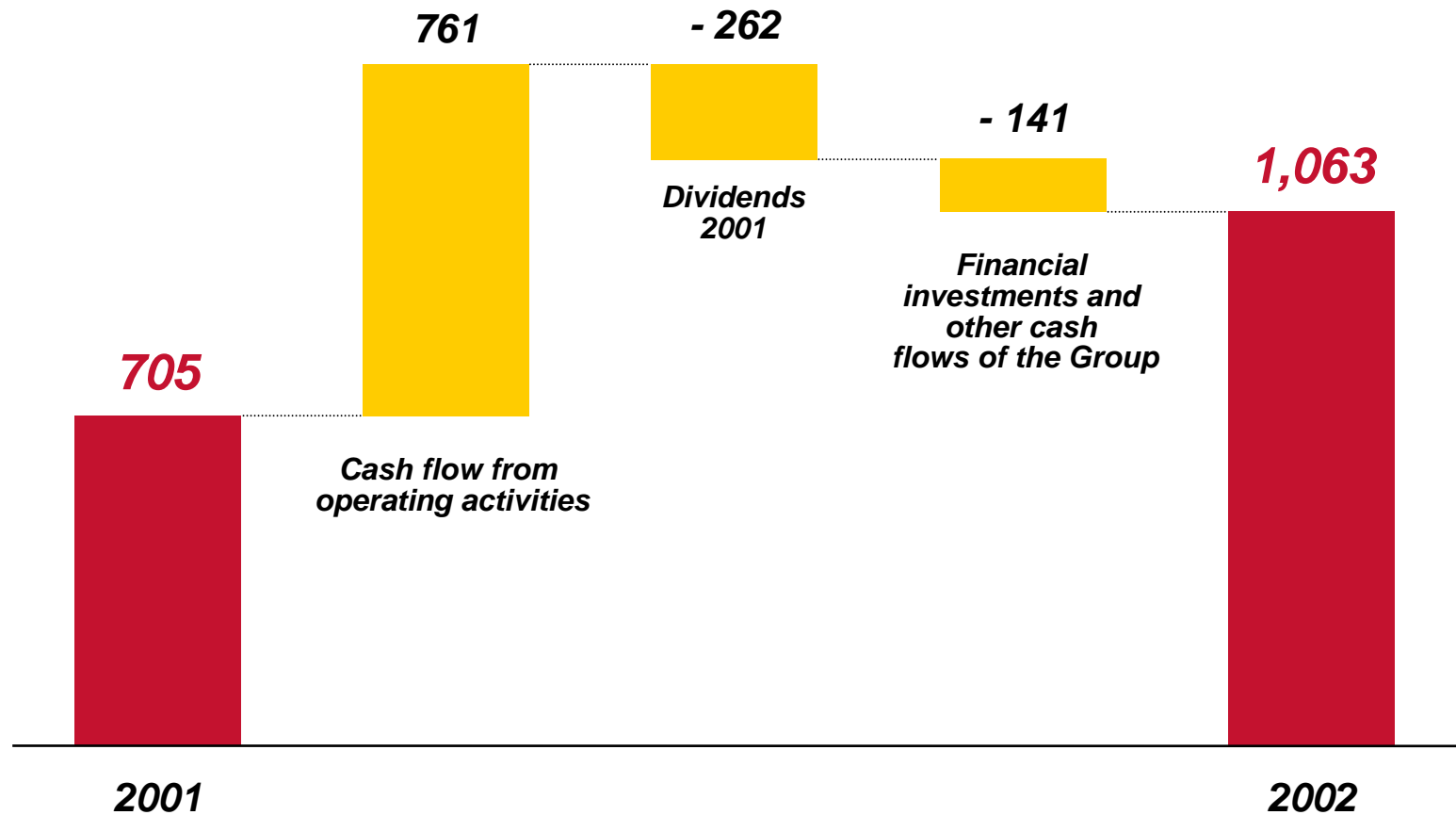
<i>Theoretical portfolio value</i>	<i>Required IRR</i>
€1.2 bn	7.1%
€1.4 bn	5.9%
€1.6 bn	5.0%
€1.8 bn	4.3%
€1.9 bn	3.9%
€2.1 bn	3.3%
€2.3 bn	2.8%
€2.5 bn	2.3%

Reconciliation: book cash to net economic cash



Net economic cash up since 2002

Change in Group economic cash * (in millions of euros)



*: Cash+investment securities+unrealized gains on marketable securities net of tax- financial debt - remunerated customer advances. This cash position does not include the portfolio dedicated to decommissioning.

Cash flows generated by nuclear

in millions of euros	2001	2002	Δ
EBITDA*	1,359	1,290	-69
% of Sales	19.9%	19.6%	-0.3 pts
Change in working cap. rqt.	456	(133)	(589)
Net capital expenditure	(879)	(370)	+509
Operational cash-flow	936	787	(149)

* Operating Income before amortization and provisions, excluding those relative to current assets

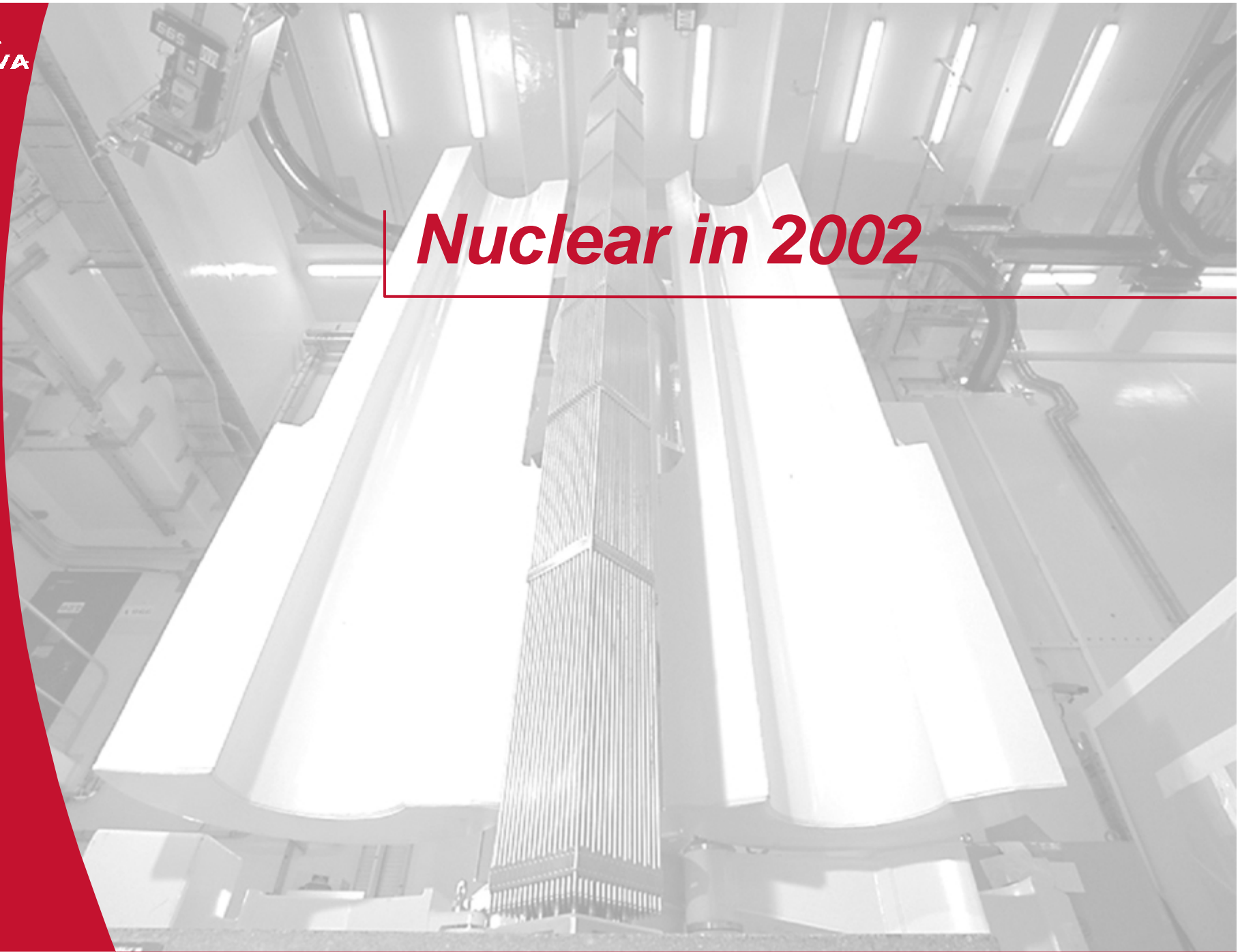
Cash flows generated by Connectors

in millions of euros	2001	2002	Δ
EBITDA*	(43)	(26)	+17
Change in work. capital reqt.	+147	+88	(59)
Net capital expenditure	(210)	(87)	+123
Operational cash flow	(106)	(25)	+81

* Income before amortizations and provisions, other than amortizations and provisions on current assets

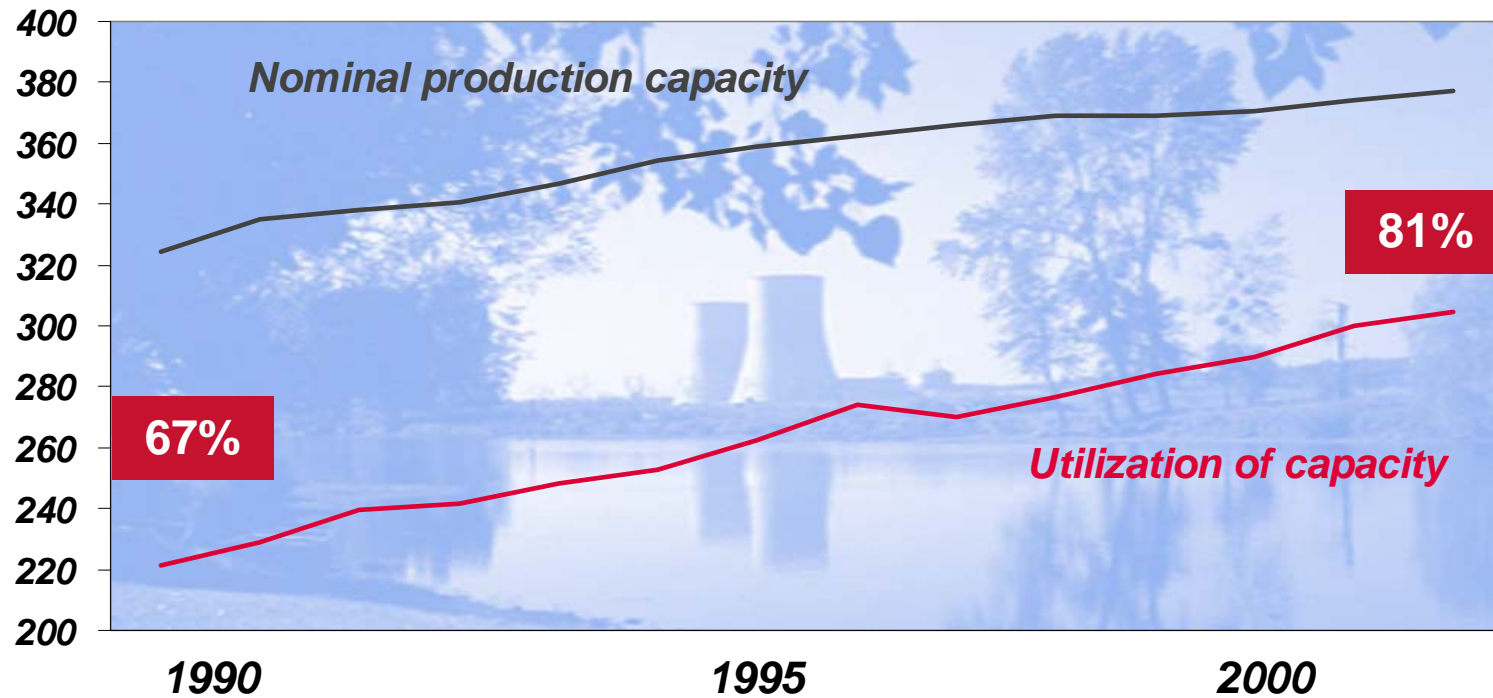
- ▶ *Risk Mapping performed in 2002*
- ▶ *Assessment by the audit committee*
- ▶ *Establishment of an audit plan based on risk mapping*

Nuclear in 2002



Continued improvement in nuclear plant capacity factors by operators

Change in nuclear energy production capacity worldwide (in MWe)

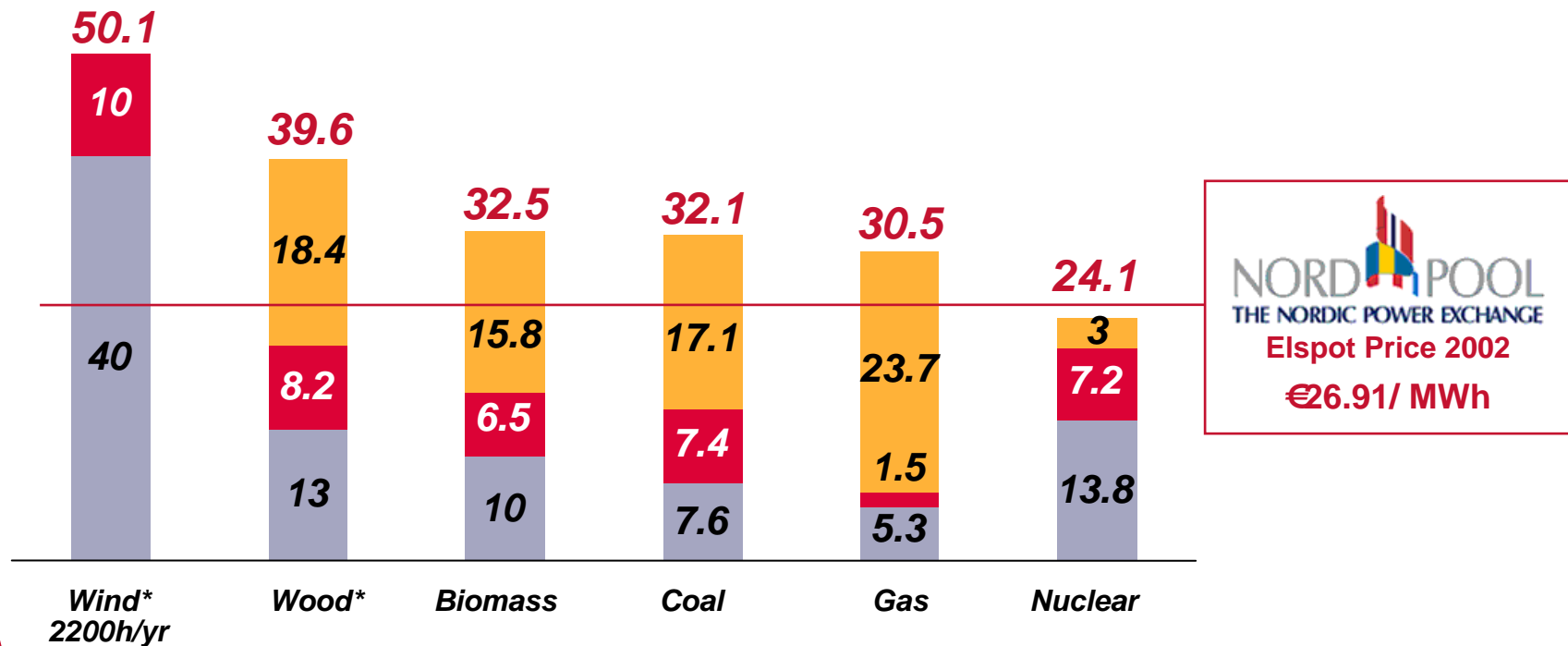


	Δ	1989–2002 CAGR
Production	+38%	+2.5%
Capacity	+16%	+1.2%

Sources: AIE/OCDE (1990), Nucleonics Week (1995-2003)

Finnish study shows good competitiveness of nuclear with new reactors

Production cost of electricity (in Euro / MWh)



NORD POOL
THE NORDIC POWER EXCHANGE
Elspot Price 2002
€26.91/ MWh

- Fuel (inc. end of cycle costs for nuclear)
- Maintenance & oper.
- Cost of capital

Assumptions

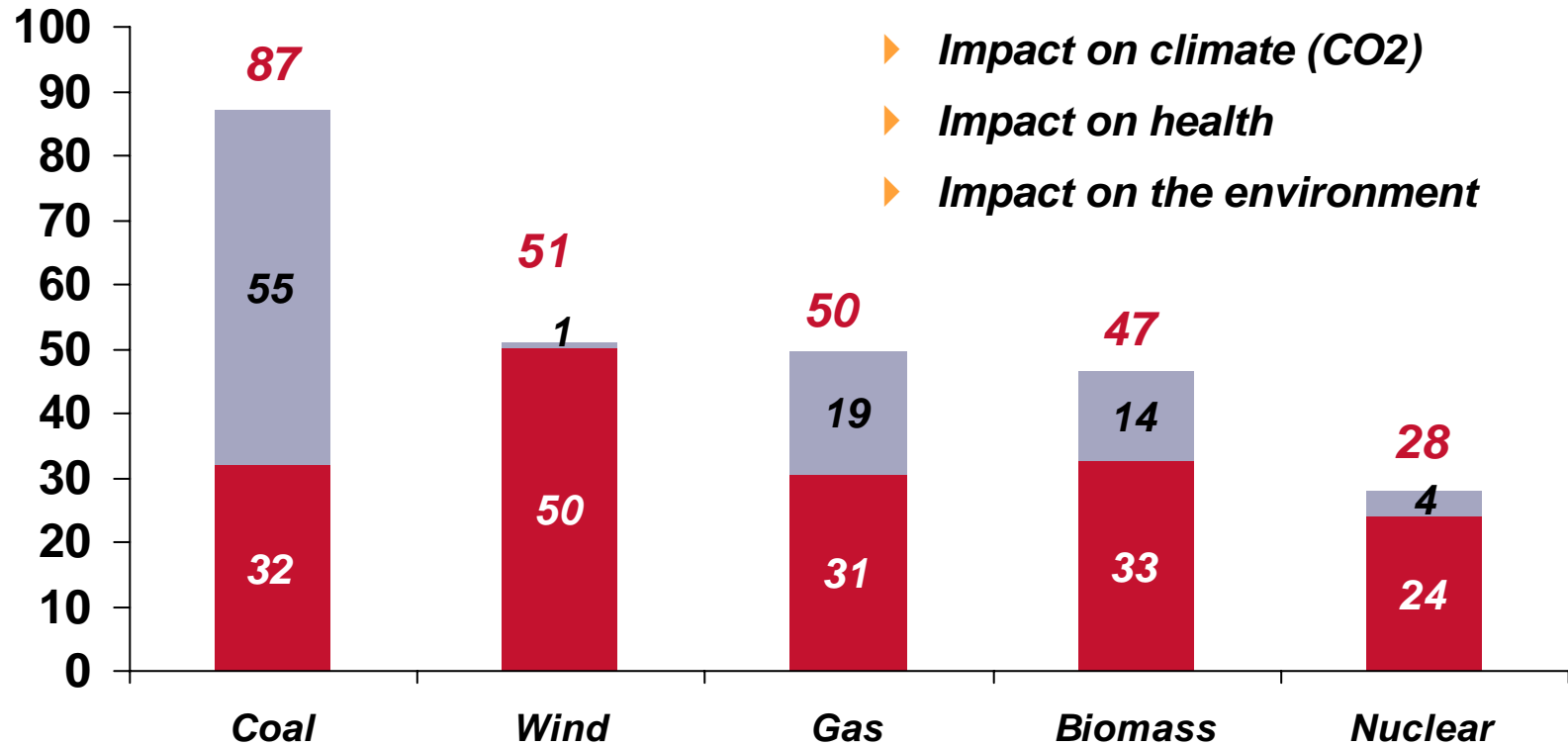
- ▶ Interest rate = 5.0%
- ▶ Price in November 2001

Source: Study for Finnish Parliament

* Cost of production excluding subsidies and tax benefits

Nuclear has internalized most of its costs and generated few external costs for the environment

Coûts complets
en €/MWh*



Indirect external costs:

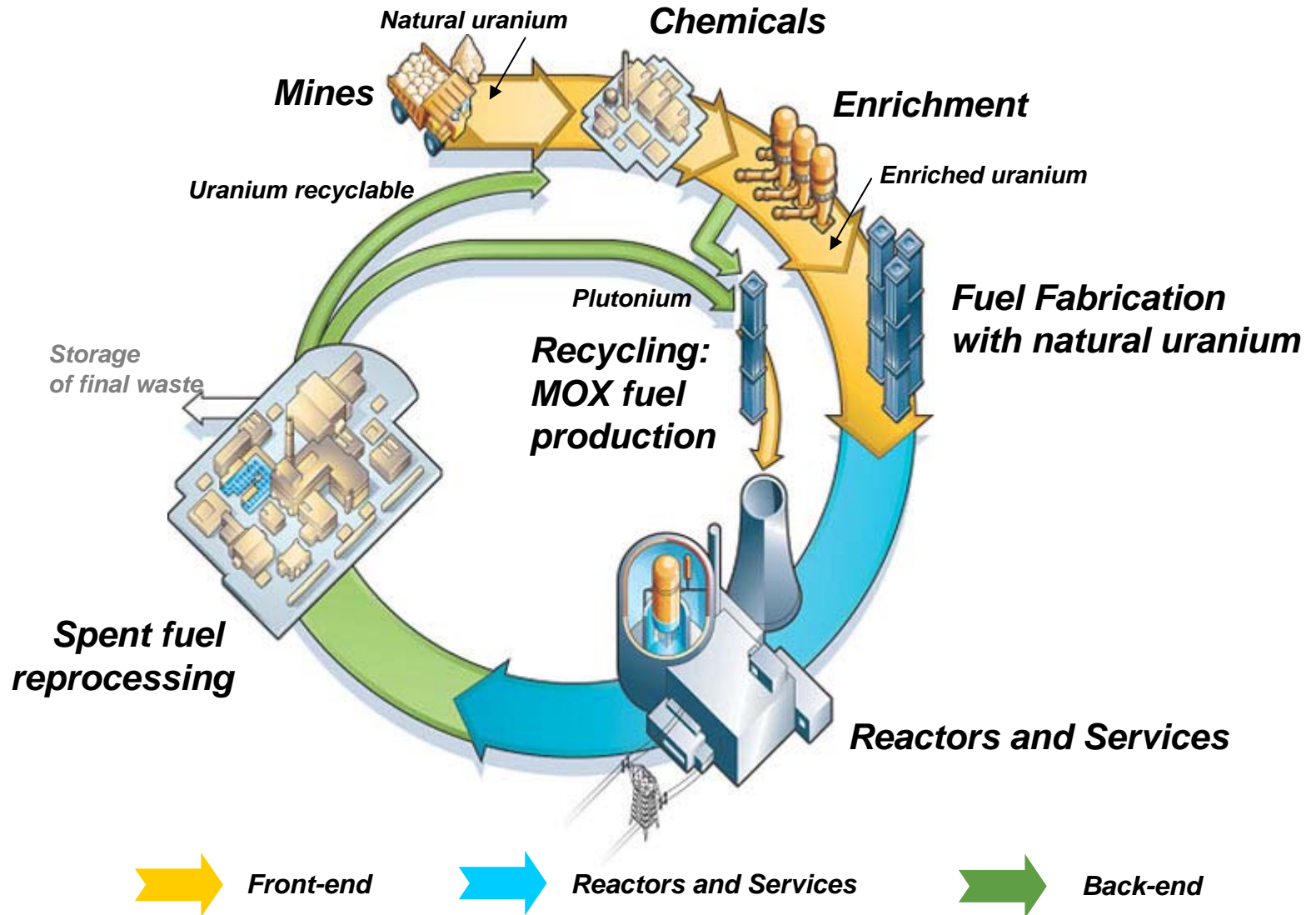
- ▶ Impact on climate (CO2)
- ▶ Impact on health
- ▶ Impact on the environment

■ External costs *

■ Production costs (source: Finnish study)

* Source EXTERNAL study, EC 2001, calculating the indirect costs (impact on climate, health or physical impact) of different source of electricity generating energy

**An annual market of more than € 20 billion
AREVA is active in the whole cycle**



AREVA is the world leader for the entire cycle

		2002 Market	CAMECO*	URENCO	USEC*	AREVA	BNFL WESTINGHOUSE	MINATOM Group	General Electric*	OTHER
FRONT END	Mines / Natural uranium	66,700 t	20%			20%		15%		45%
	Conversion / chemicals	62,550 t	20%			25%	5% <small>(Shot down in 2006)</small>	20%		30%
	Enrichment	37.3 MUTS**		15%	30% ***	25%	BNFL shareholder of URENCO	25%****		5%
	Natural uranium fuel (UO2)	6,700 t				35%	25%	10%	15%	15%
	Reactors & Services	350 GWe				20%	20%	15%	15%	30%
BACK END	Reprocessing (t. processed)	1,850 t				60%	35%	5%		JNFL in time
	Recycling & MOX	180 t				90%	BNFL/SMP a/c 2004			10% JNFL in time

* Listed companies ** Separative Work Units *** including half purchased from MINATOM (HEU) **** plus the 15% sold to USEC (HEU)

Front end: operating income maintained high levels

in millions of euros	2000	2001	2002
Sales	2,328	2,733	2,560
Adjusted Sales		2,476*	2,560
Operating Income	200	362	333
% of Revenue	8.6 %	13.2 %	13.0 %

* 2001 has been restated to be comparable to 2002 for the value of energy not included in costs of services delivered and therefore no longer re-invoiced to our clients. Clients now make available the energy needed to perform our services.

M.O.U signed with Urenco

- ▶ ***M.O.U. signed with URENCO to acquire ultracentrifuge enrichment technology***
- ▶ ***Steady competition in the production and marketing of enrichment services***
- ▶ ***Final agreement planned in 2004***
- ▶ ***Replacement of the current plant in 2010***



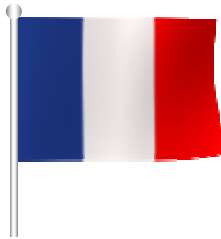
Reactors and Services: results improving, even without new reactor sales

in millions of euros	2000	2001	2002
Sales	1,675	1,879	1,931
Operating income % of sales	84 5.0%	45 2.4%	81 4.2%

Back end: sharp improvement in profitability

in millions of euros	2000	2001	2002
Sales	2,210	2,213	2,087
Operating income	57	10	235
% of Sales	2.6%	0.5%	11.3%

Back end: a load plan with good visibility



- ▶ **EDF:**
prices set until 2007, commitment to 2015

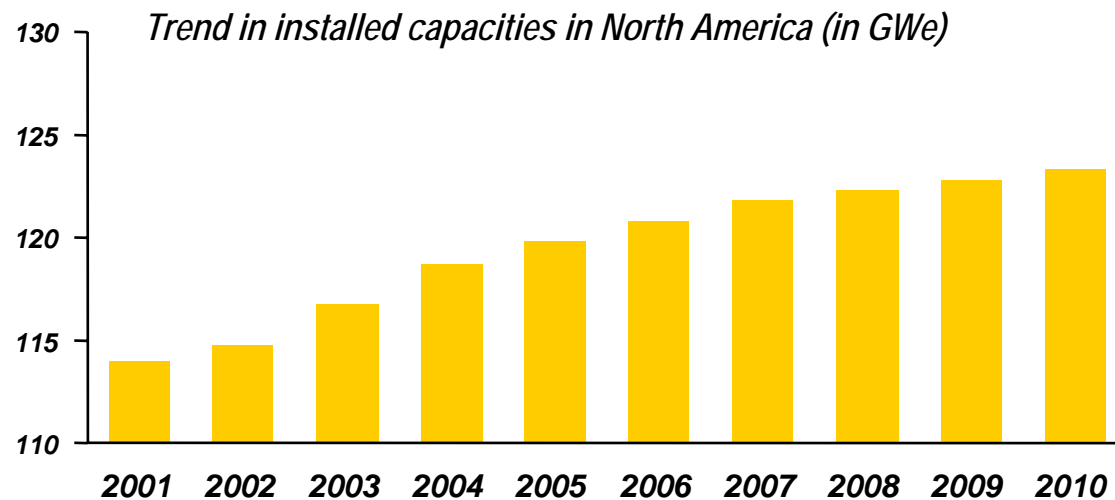


- ▶ **German, Swiss, Dutch, Belgian power companies:**
→ Recycling until 2009



- ▶ **Assistance contract for startup of Rokkasho Mura (Japan) reprocessing plant**
→ until 2005

- ▶ **A US market turnaround (+ 4 Gwe by 2010)**
 - ◆ *Increase in life cycles of plants and capacity factors*
 - ◆ *Power increase at a large number of plants*
 - ◆ *Deliberate nuclear energy policy*
 - ◆ *Congress approves choice of site for spent fuel at Yucca Mountain*
- ▶ **Canada: reactors come back on line (+ 4 Gwe by 2010)**



Source: AREVA

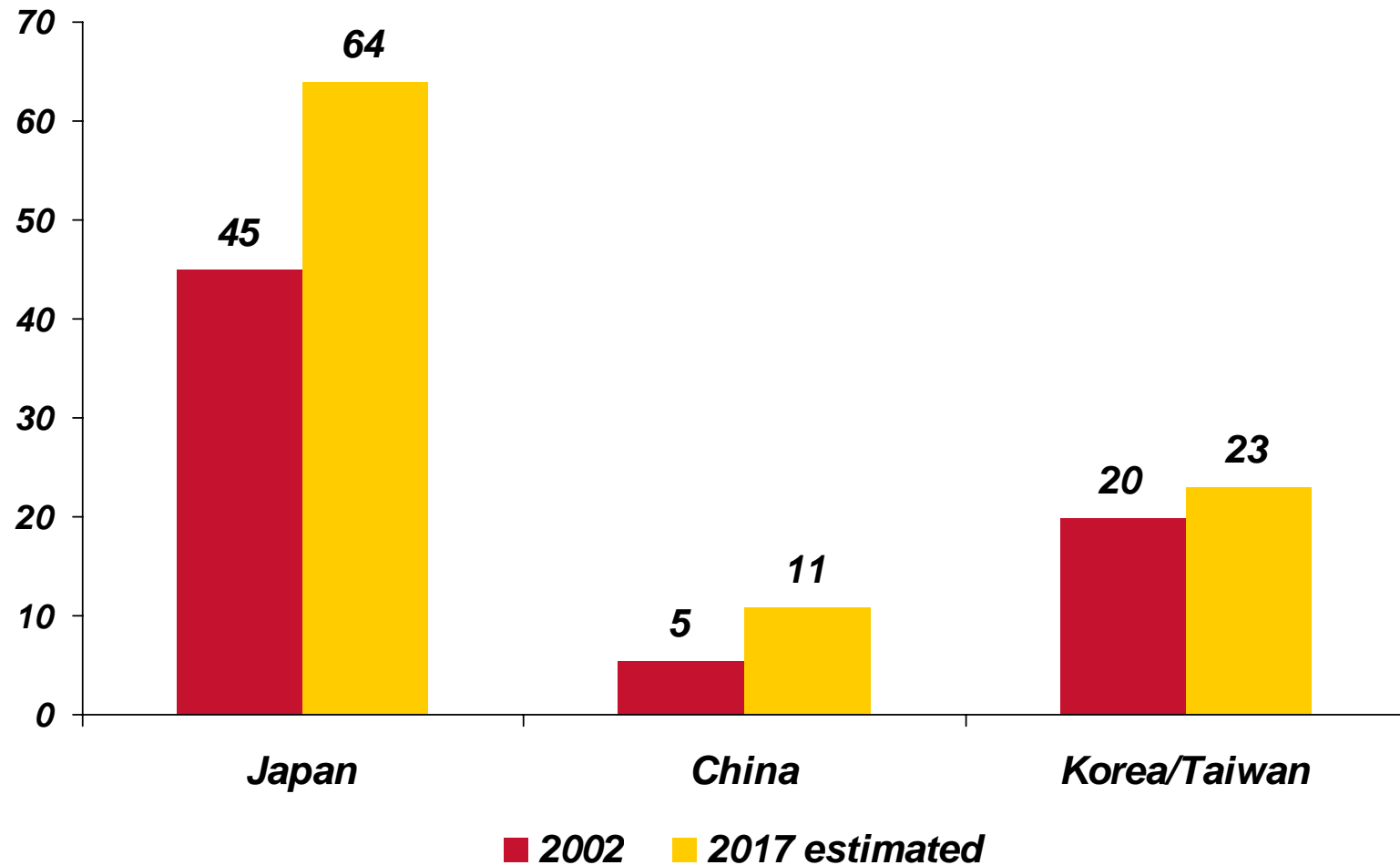
- ▶ **Brazil: awaiting confirmation of the start of Angra 3 by the new Brazilian government**

Implementation of growth strategy in the United States

- ▶ **In 2 years, the size of the group in North America has doubled**
 - ◆ **2000 sales: €610M → 2002 sales: €1,208M**
- ▶ **Key events in 2002:**
 - ◆ **“Alliance” contract with power companies: AEP, PPL, PSEG, Exelon, TXU-Energy**
 - ◆ **Decision by DOE to turn all excess military plutonium into Mox with the DCS consortium (Duke, Cogema, Stone&Webster)**
 - ◆ **Contract with DOE for defluorination of depleted uranium**
 - ◆ **Contracts to replace reactor vessel heads and steam generators**
 - **13 out of 22 contracts for reactor vessel heads won**
 - **6 out of 11 contracts won in 2002 for steam generators**

Asia: programmed increased in capacities

Installed capacity in nuclear reactors (in Gwe)



Sources: AREVA

Increase our presence in Asia

▶ **Sales growth over the region**

◆ **2001 sales: €782M → 2002 sales: €954M +22%**

▶ **Japan**

◆ **Transfer of technology in Reprocessing-Recycling → 2005**

◆ **In 2002, strengthened presence in Nuclear Measurement and Logistics**

▶ **Developments in China**

◆ **4 reactors built by the group are now operating**

● **Ling Ao 1 was commissioned *in 2002***

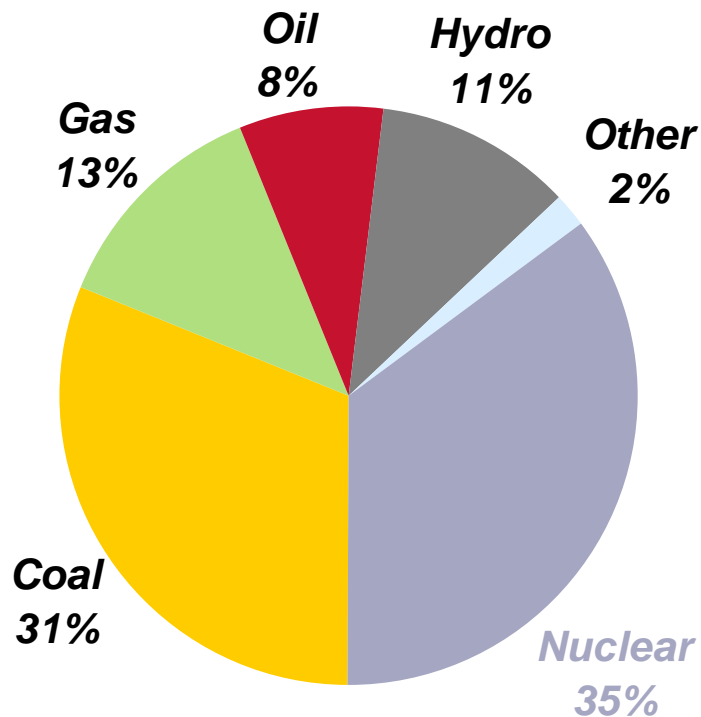
● **Ling Ao 2 was commissioned *early 2003-3 months ahead of schedule***

◆ **Recycling technology transfer agreement**

◆ **Xth plan: decision in favor of 4 new reactors**

Europe: Contrasting political decisions but production almost unchanged

Breakdown of primary energy source in European electricity production



- ▶ ***Progressive withdrawal announced in Germany, Belgium...***
- ▶ ***... but production will remain unchanged over the next ten years***
- ▶ ***Nuclear production is expected to continue or grow in Spain, Finland, France and Switzerland***

Source: AREVA, 1999

Consolidate our positions in Europe

▶ Major contracts in 2002

- ◆ *Contract to supply fuel to EDF until 2006***
- ◆ *Reprocessing-Recycling contract with German power companies until 2009***
- ◆ *Contracts to supply 48 spent fuel storage and transfer containers to German and Belgian power companies***

▶ Two major projects in 2003

- ◆ *France: decision pending concerning the EPR (European Pressurized Reactor)***
- ◆ *Finland: Submission of Framatome-ANP bids at the end of March 2003, competing with General Electric and Minatom***

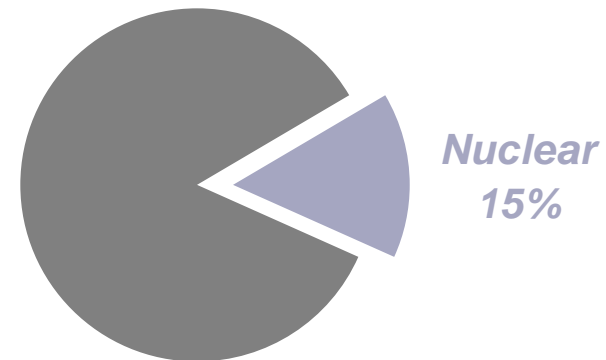
▶ Position as the leading supplier to the leader electric utilities

Eastern Europe & Russia / CIS

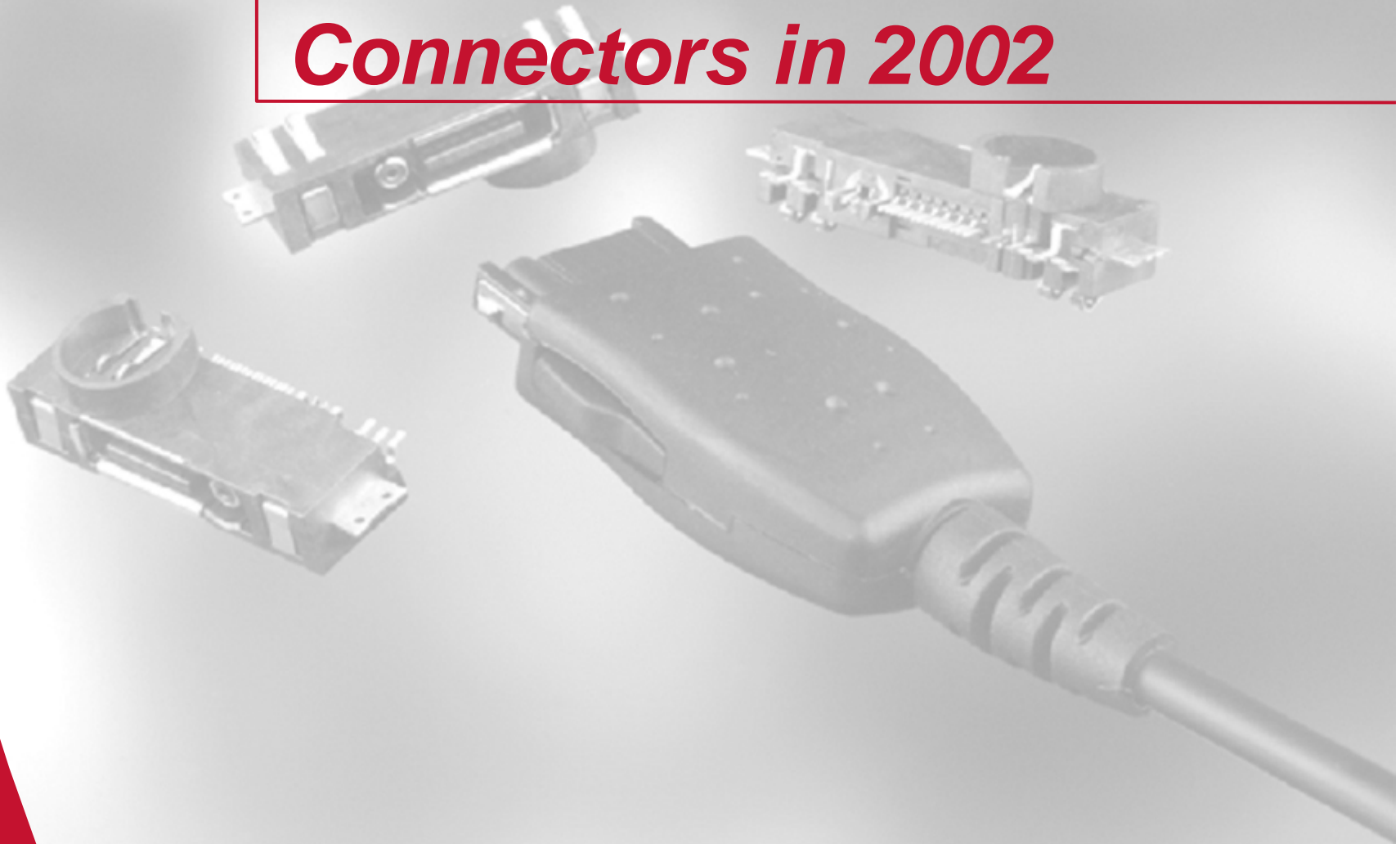
- ▶ **A new reactor commissioned in Russia in 2002 and 9 additional reactors planned by 2010**
- ▶ **“G8 Global Partnership” - Decision at the Evian summit**
 - ◆ **Construction of a plant similar to the one being planned in the US to turn plutonium from weapons disarmament into MOX**
 - ◆ **Improvement in safety and performance of the reactors in Russia / CIS**
- ▶ **Ukraine: pending financing to improve the safety of the K2R4 reactors**

$\frac{10 + 10}{10}$

*Percentage of nuclear
in Russian electricity production*

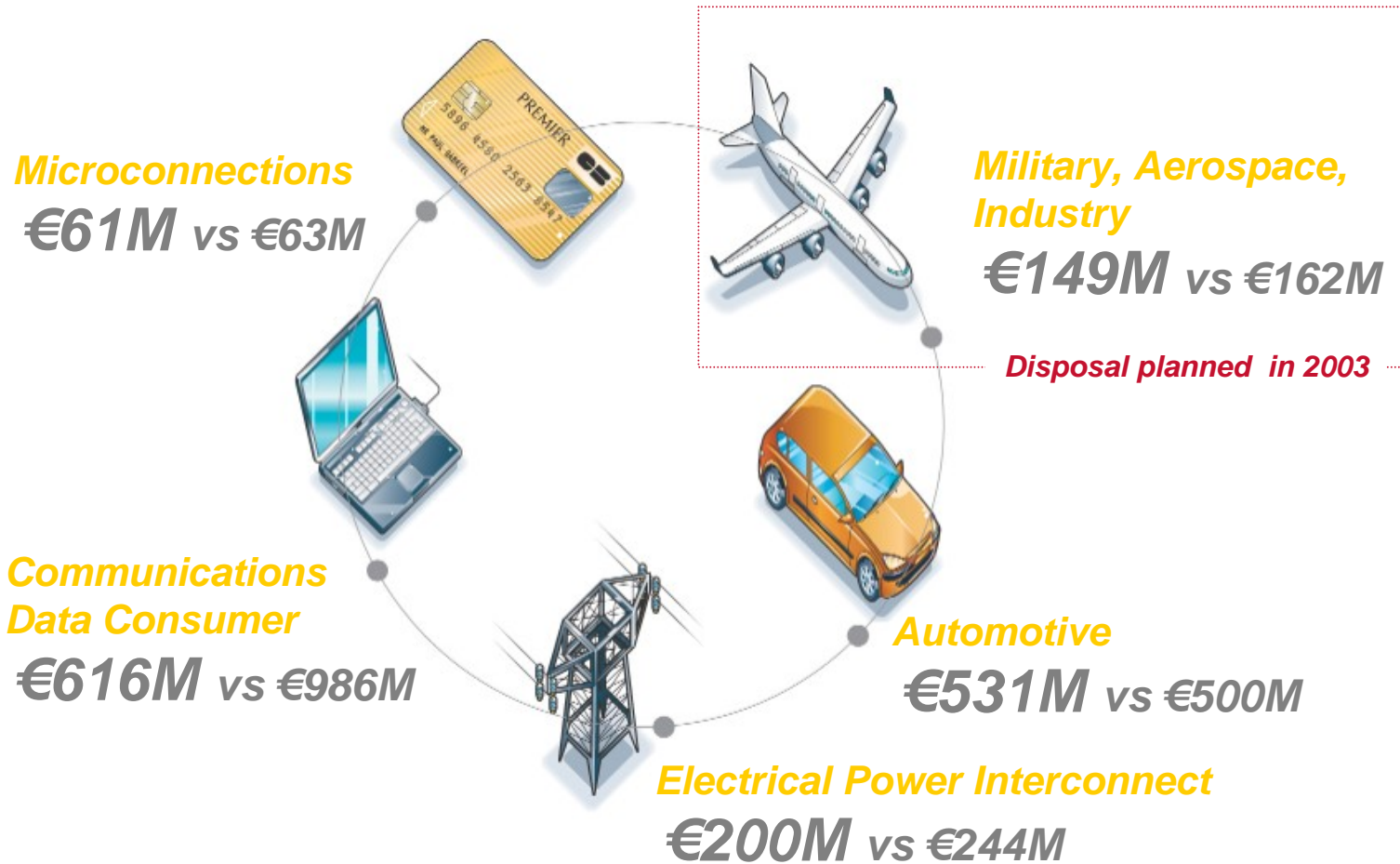


Connectors in 2002



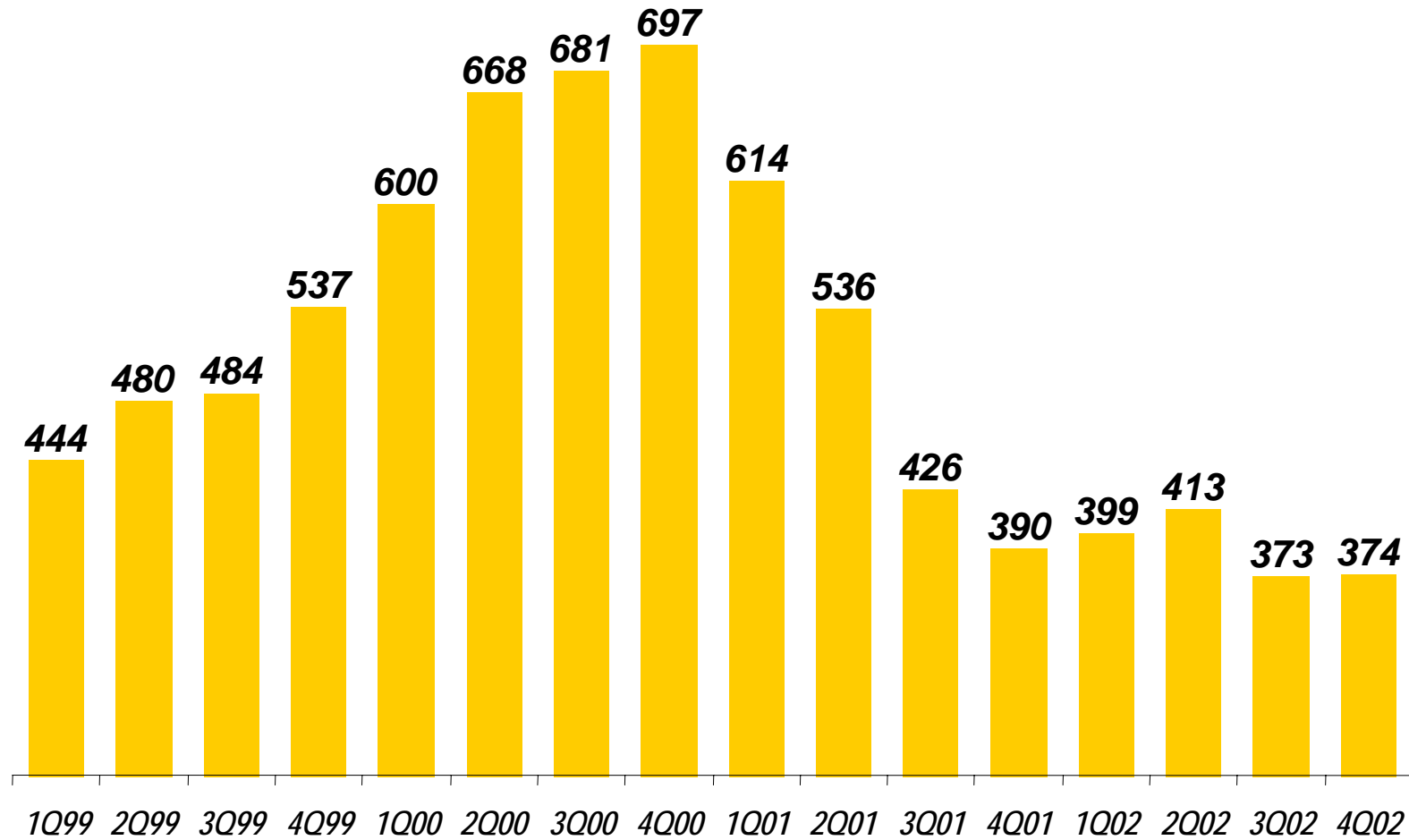
FCI ranks 3rd worldwide, with strong positions in telecommunications and the auto industry

2002 vs 2001 Sales



Further decline in sales due to telecom

Sales by quarter (in millions of euros)

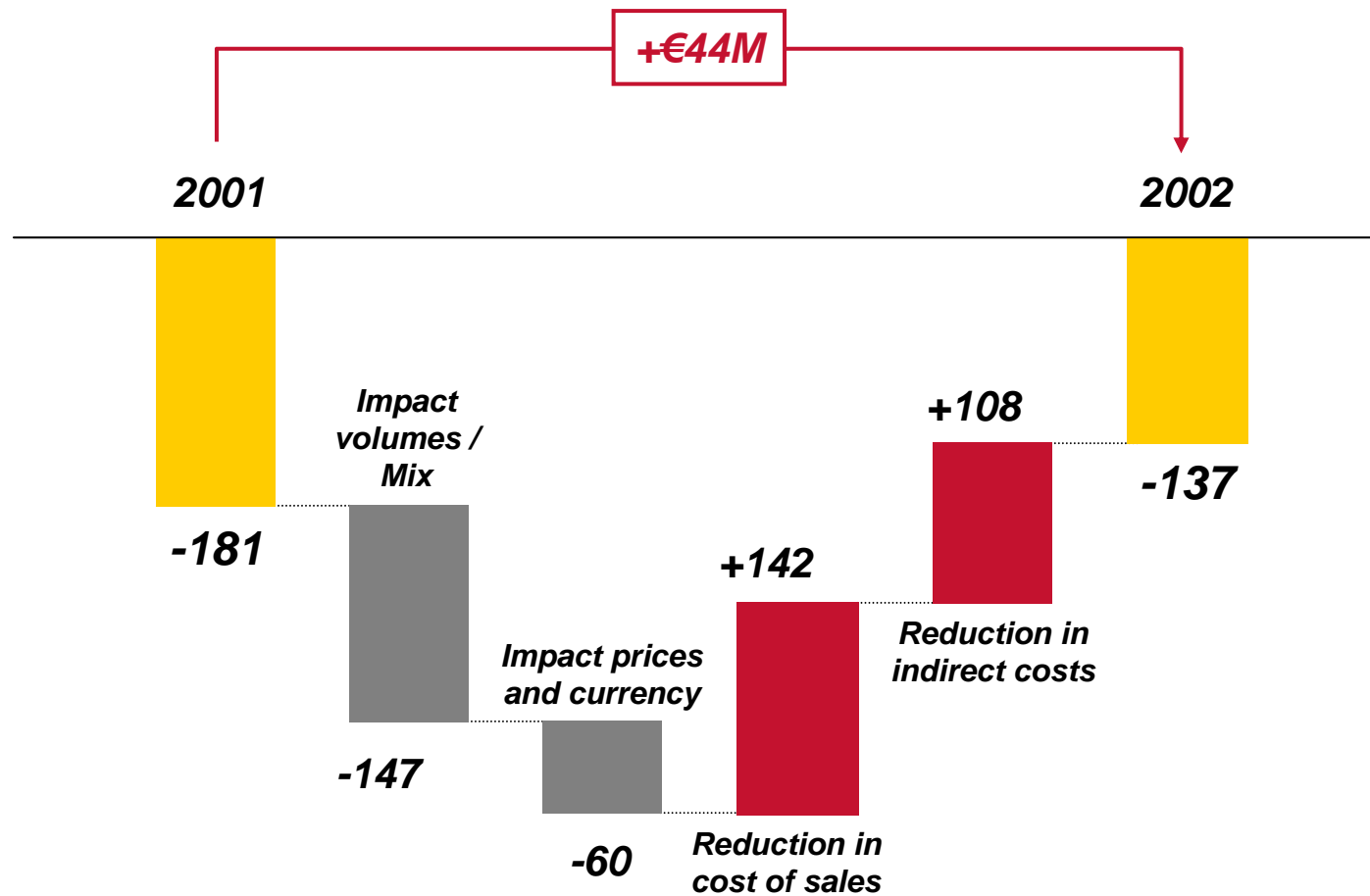


Implementation of the redeployment plan since late 2001

- ▶ ***New management team (November 2001)***
- ▶ ***Focus on markets where FCI is leader on a global scale***
 - ◆ ***Sale of MAI business in 2003 (2002 Sales: €149M)***
- ▶ ***Lower breakeven point***
 - ◆ ***Adaptation and streamlining of industrial capacity:
16 sites announced to be closed since the end of 2001***
 - ◆ ***Reduction in overhead***
- ▶ ***Transfer of operations to countries with low labor costs,
particularly in Asia***
- ▶ ***Faster implementation of inter-division synergies (CDC – Auto)***

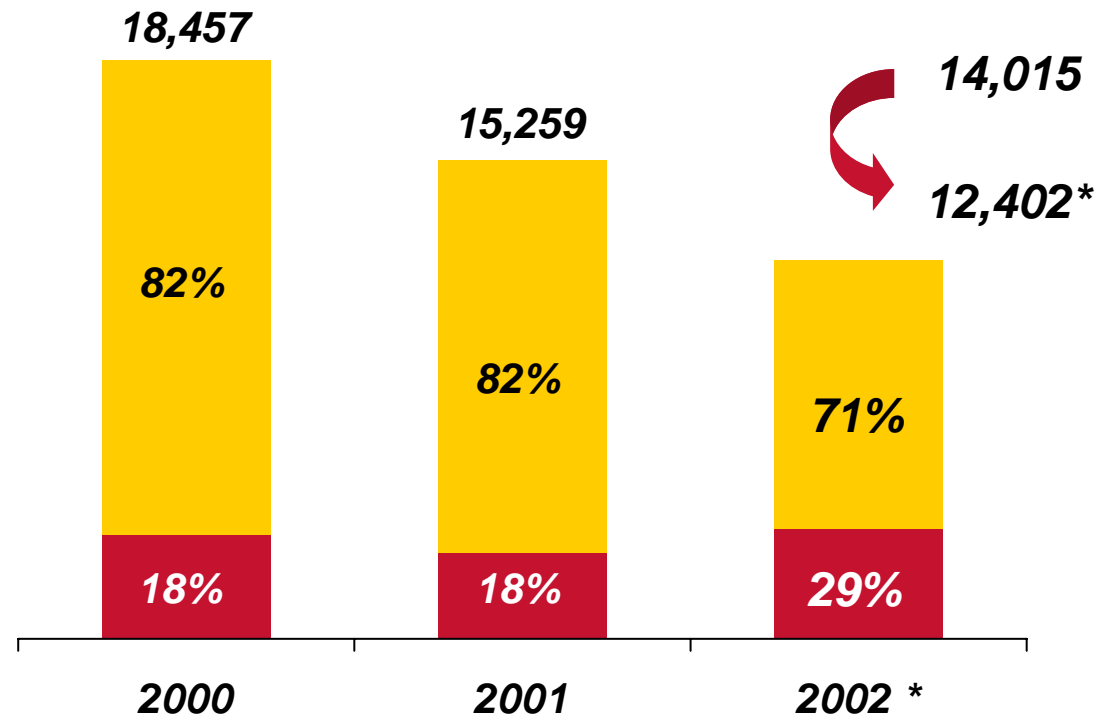
Cost cuts totaled €250M in 2002

Change in operating income before restructuring costs (in millions of EUR)



Reorganization of industrial capacity continues...

Change in connector work force



■ **Countries with low production costs**

■ **Countries with high production costs**

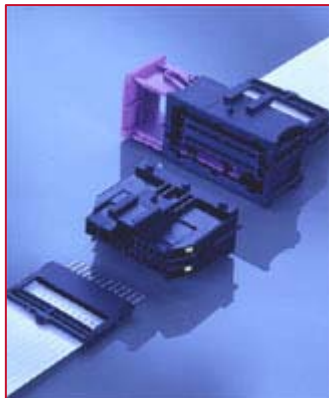
** after adjusting for actions initiated in 2002 and the sale of MAI*

Customer service revisited

- ▶ ***Increased competitive advantage by service quality:***
 - ◆ ***A simplified product offer and optimized delivery times using the “Flash Service” program in Europe and “Rat Pac” in the USA***
 - ◆ ***Implementation of “Six Sigma” in the “Total Quality Management” program in automotive***
 - ◆ ***Installation of a powerful CRM tool for the distribution of electrical products in the USA***

- ▶ ***Performance recognized by our customers:***
 - ◆ ***“Best supplier award” from CELESTICA***
 - ◆ ***“Supplier of the Year” award for delivery & service from the IMARK group***
 - ◆ ***Approval at BMW and new opportunities with FORD***

An emphasis on innovation continued



- ▶ ***Patented technology source of competitive advantage***
- ▶ ***Development of new products for high-potential emerging requirements***
 - ◆ ***Support for Pentium 5 micro-processor***
 - ◆ ***New generation of airbag connector***
 - ◆ ***High-density Flex interconnection for printing***
 - ◆ ***Miniature connectors for DVD and mobile phones***
 - ◆ ***High-speed connectors for servers and storage units***

Development of partnerships



- ▶ ***Licensing agreement with Tyco and Molex to give access to the FCI BGA patented technology for Pentium 4 and communication application***

- ▶ ***Mutual licensing agreement with Tyco to develop new generation high-speed connectors***



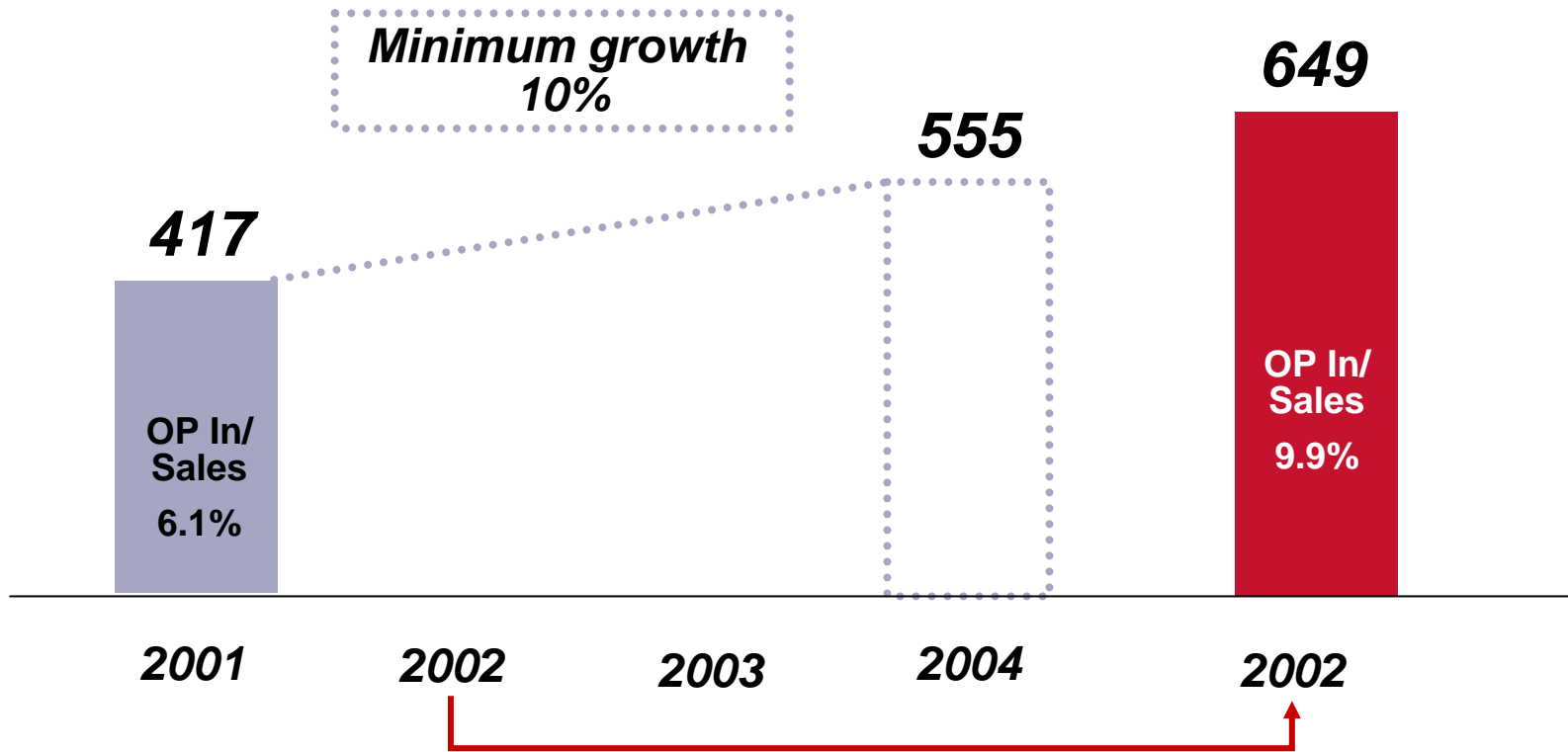
- ▶ ***Agreement with Mitsubishi Cable Industry in Japan to co-develop automotive connectors for Renault/Nissan and Daimler/Chrysler/Mitsubishi***

Conclusion



Nuclear has surpassed objectives

Change in operating income (in millions of euros)



▶ **Nuclear**

- ◆ *Revenues stable excluding acquisitions*
- ◆ *Build on 2002 level of operating income*
- ◆ *Strengthen international positions in all business sectors*

▶ **Connectors**

- ◆ *No short-term recovery expected in the telecommunications market*
- ◆ *Continue and intensify industrial streamlining and reorganization*
- ◆ *Maintain our objective set at the presentation of 2001 earnings:
by the end of 2003, connectors must no longer affect the group's
operational performance*

Initial Public Offering

- ▶ ***Management is preparing the group***
- ▶ ***Establish Financial Communications designed to:***
 - ◆ ***Strengthen links to the financial markets***
 - ◆ ***Provide the financial community with information to know and understand the group's businesses***
- ▶ ***Our objective: be ready to complete the market offering as quickly as possible, at the best price, if our shareholders decide to do so***

The AREVA share has outperformed the indices since it was created (9/03/2001)

REUTERS

Trend in CI price (base 144 at September 3, 2001)



- ▶ **Dividend proposed for 2002 at the Shareholders' Meeting: 6.20 euros / share and investment certificate**

2002 Results
AREVA Group

Anne Lauvergeon
Chairman of the Executive Board

Gérald Arbola
Member of the Executive Board, Chief Financial Officer

Thursday, March 27, 2003



Appendices

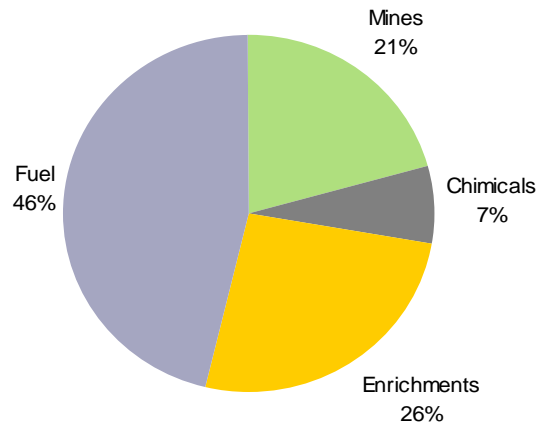
Detailed calculation of ROACE

Millions of euros	AVER. CAP. EMPL.		Net OP Income		ROCE	
	2001	2002	2001	2002	2001	2002
Nuclear	3,913	3,790	269	440	6.9%	11.6%
Components	2,346	1,887	n/s	n/s	n/s	n/s
Other	618	663	n/s	n/s	n/s	n/s
Total Group	6,877	6,340	89	138	1.3%	2.2%

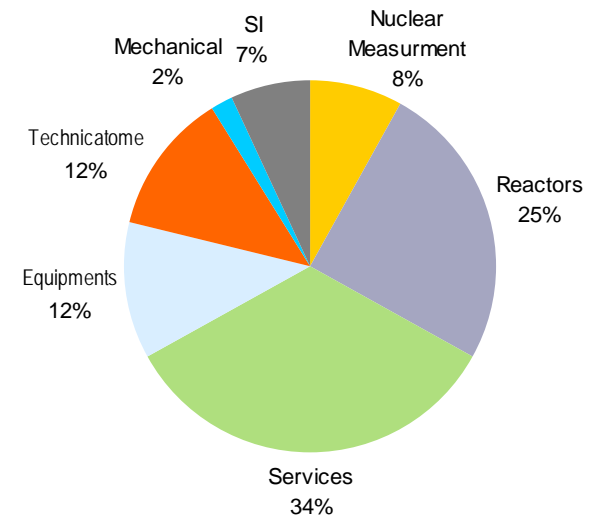
- ▶ **ROACE = Net operating income / average capital employed**
- ▶ **Net operating income = Operating income minus standard tax**
- ▶ **Standard tax = tax obtained by applying an average rate for all entities except those eligible for a special rate (Eurodif primarily)**
- ▶ **Average capital employed = (capital employed at end of period + capital employed at beginning of period) / 2**
- ▶ **Capital employed =**
 - ◆ **Net tangible and intangible fixed assets including goodwill**
 - ◆ **Minus extraordinary write-down to goodwill**
 - ◆ **Plus working capital requirements, excluding interest-bearing customer advances**
 - ◆ **Minus customer advances on fixed assets and provisions for costs to be incurred**

Breakdown of Sales Revenues by Division

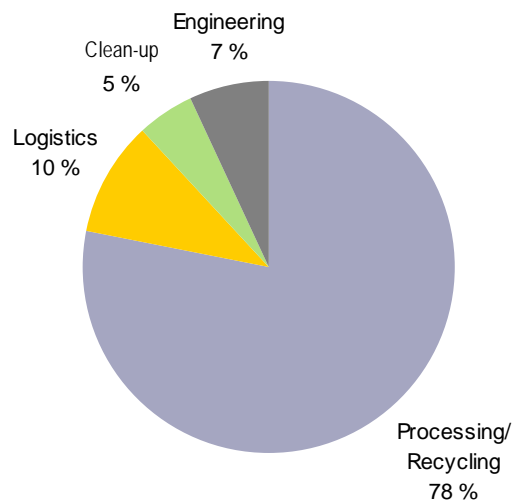
2002 sales breakdown: Front-end



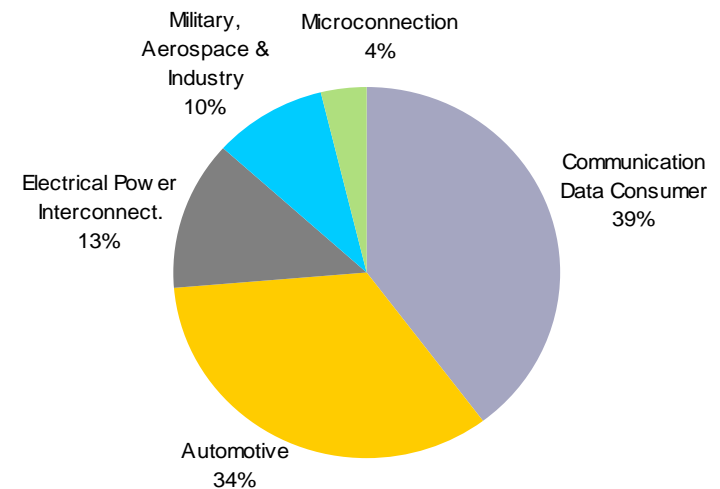
2002 sales breakdown: Reactors & Services



2002 sales breakdown: Back-end



2002 sales breakdown: Connectors



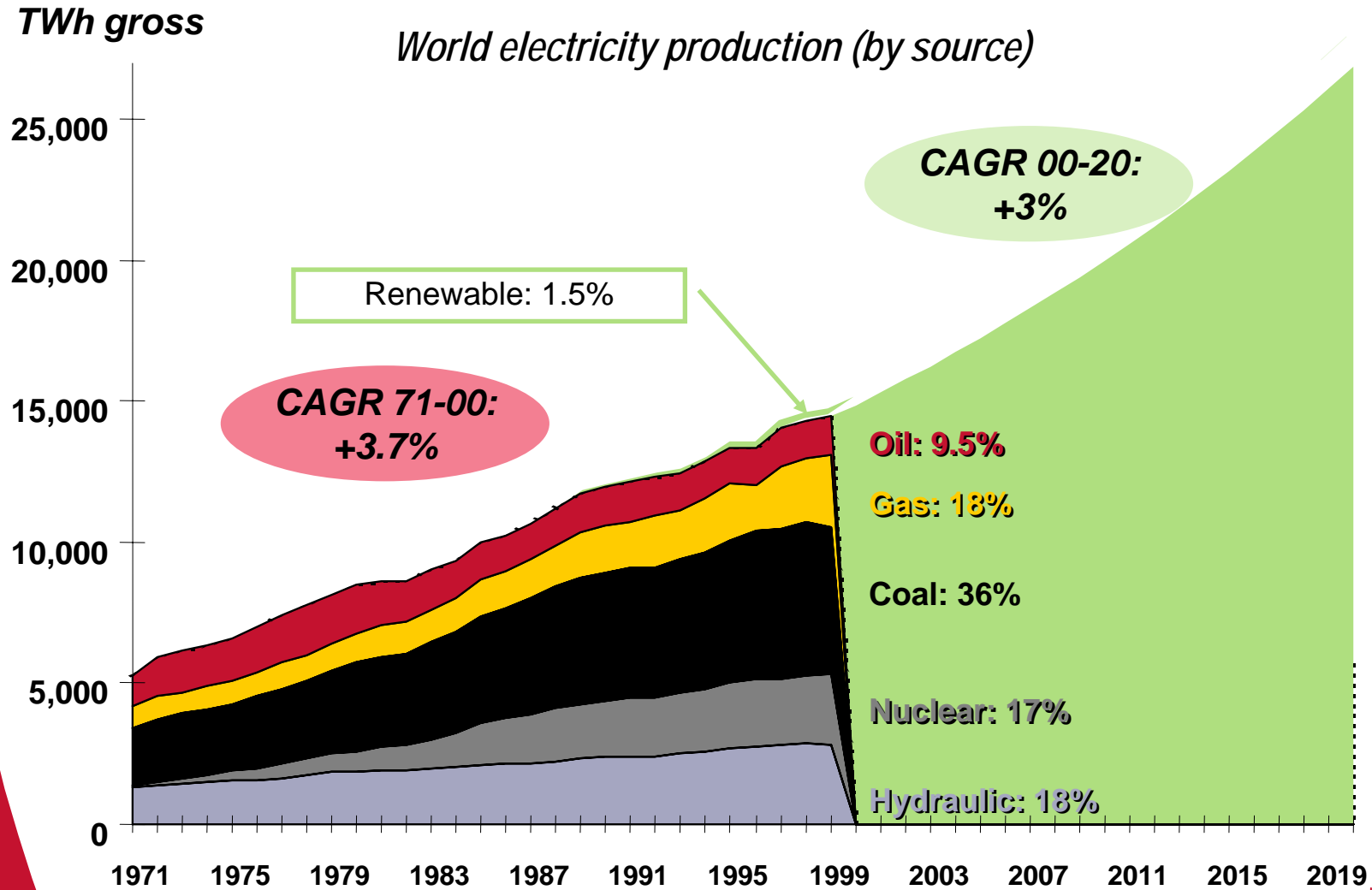
Production of nuclear power up 10% between 1995 and 2000

	<i>TWh produced</i>		Δ
	2000	1995	
United States	799	714	+12%
France	415	377	+10%
Japan	309	291	+6%
Germany	170	153	+11%
Russia	131	100	+31%
South Korea	109	67	+63%
United Kingdom	86	89	-3%
Ukraine	75	71	+6%
Canada	73	98	-26%
Spain	62	55	+13%
Sweden	57	70	-19%
Other countries	283	247	+15%
World	2569	2332	+10%

Source: TWH Energy Statistics Yearbook ENERDATA December 2001

- ▶ **444 reactors installed in 2000 / 50 reactors under construction and ordered**
- ▶ **16-17% of world electricity is derived from nuclear power, i.e. 564 Mtoe.**

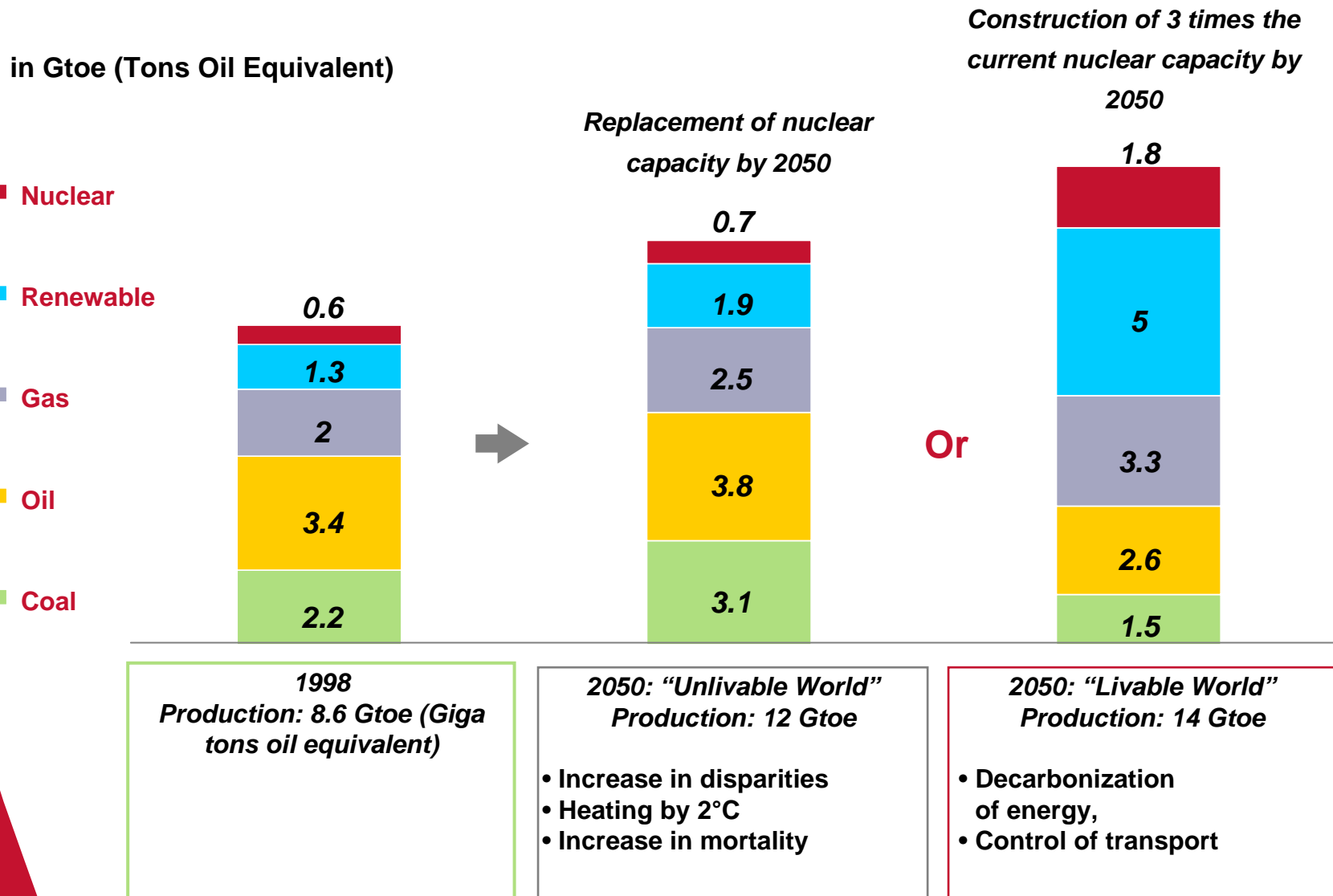
Nuclear will be necessary in the future energy mix



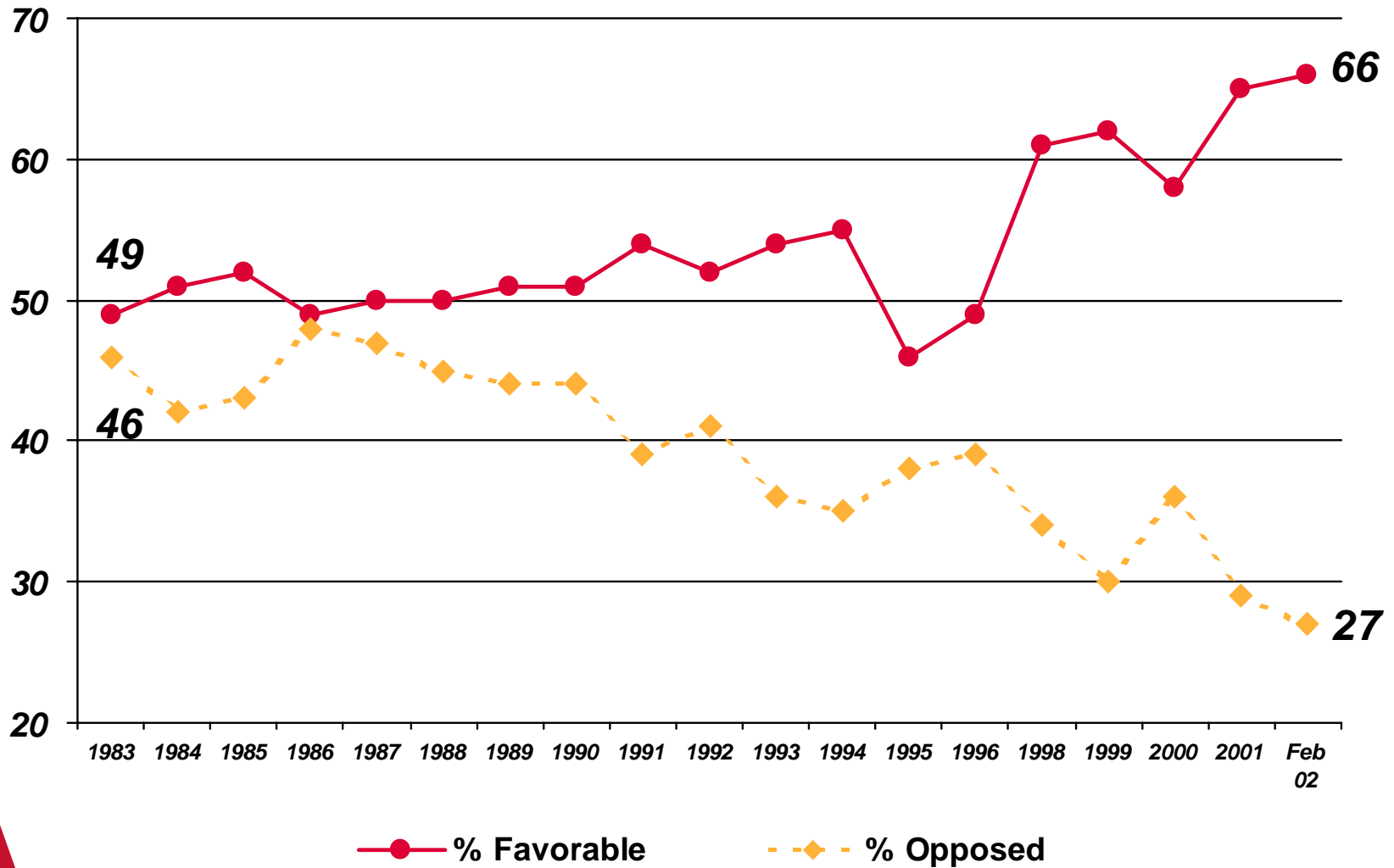
Sources: AIE/OCDE (1972-2000), Nucleonics Week

Source AIE (2000): + 86% between 2000 and 2020

The “Living in one world” scenarios of the World Council of Energy projects growth for nuclear power until 2050

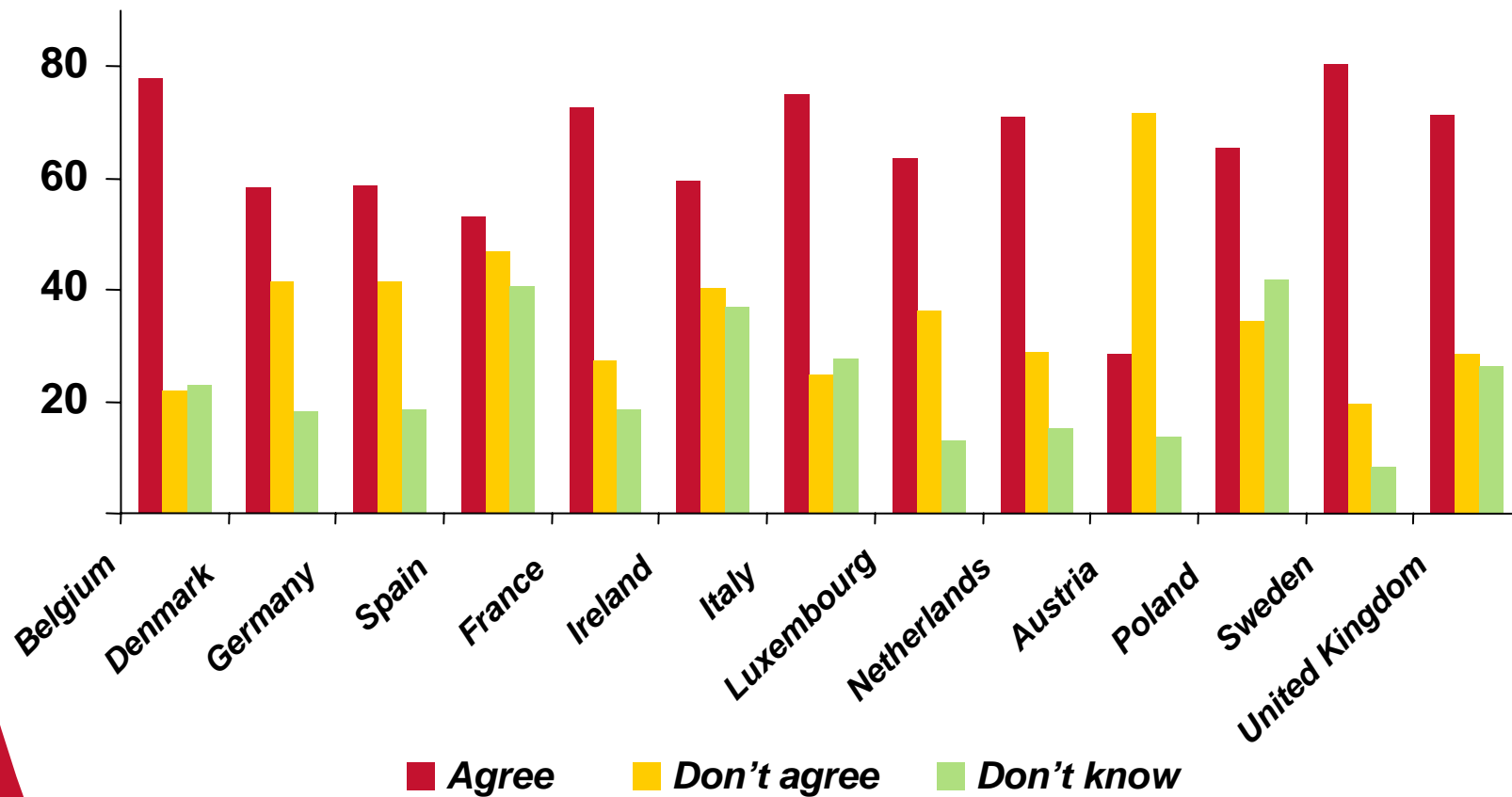


Public acceptance: Americans are becoming more favorable to nuclear



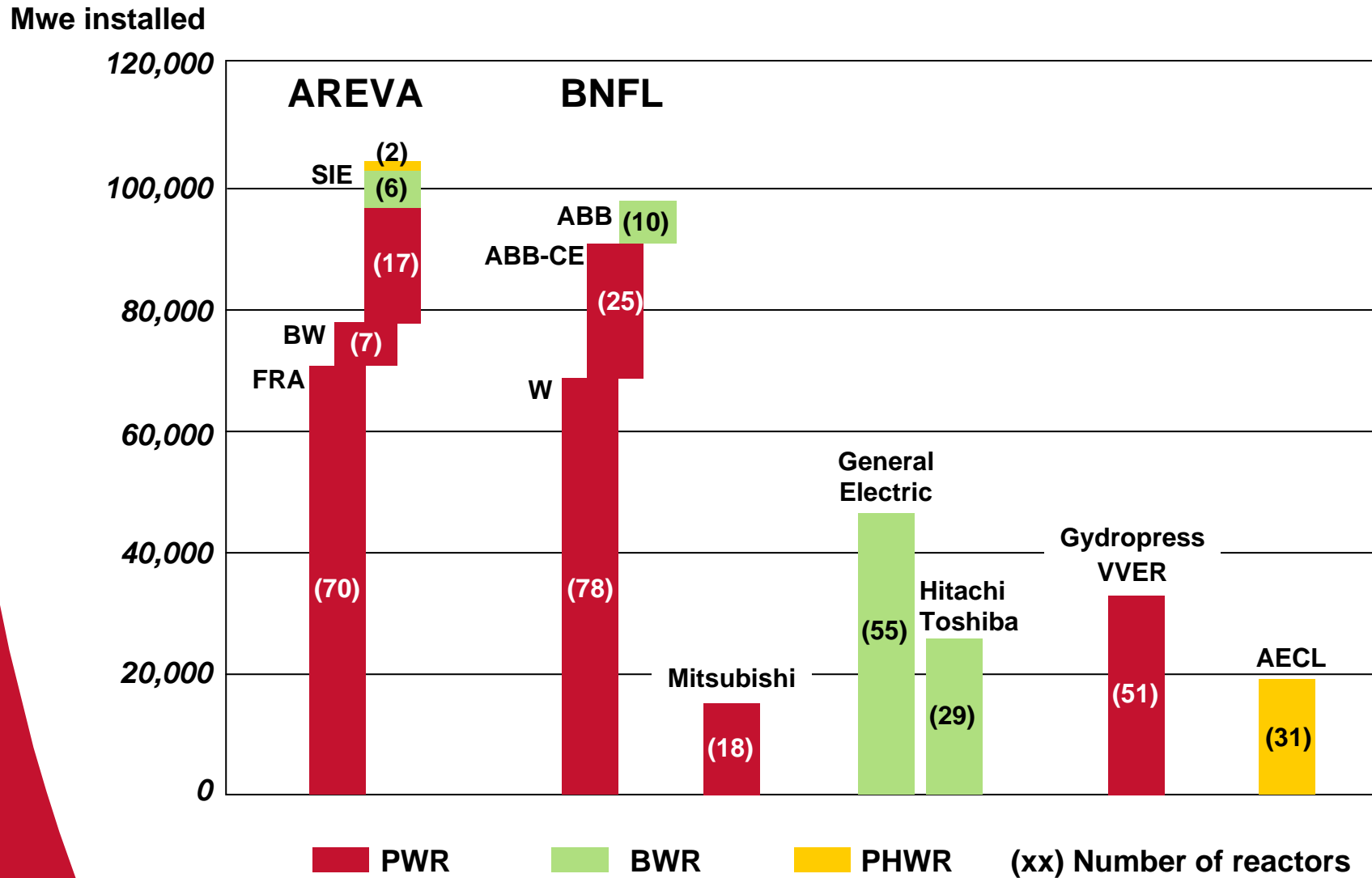
Sources: *Bisconti Research*

Public acceptance: If all waste can be managed safely, nuclear energy is an option in Europe



Source: Eurobaromètre – European Economic Community - Oct-Nov. 2001

AREVA has installed the largest electric capacity



Source AREVA

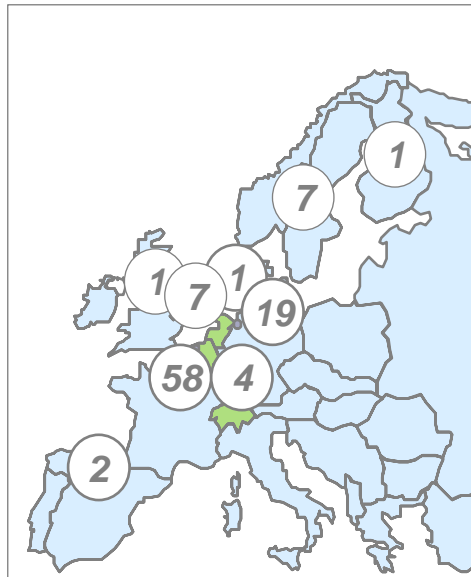
> Presentation of 2002 earnings of the AREVA group – March 27, 2003

Nuclear plants built by AREVA worldwide

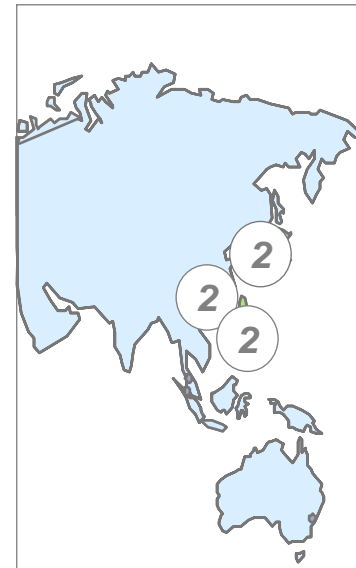


140 reactors in the world use AREVA fuel

EUROPE



ASIA-PACIFIC



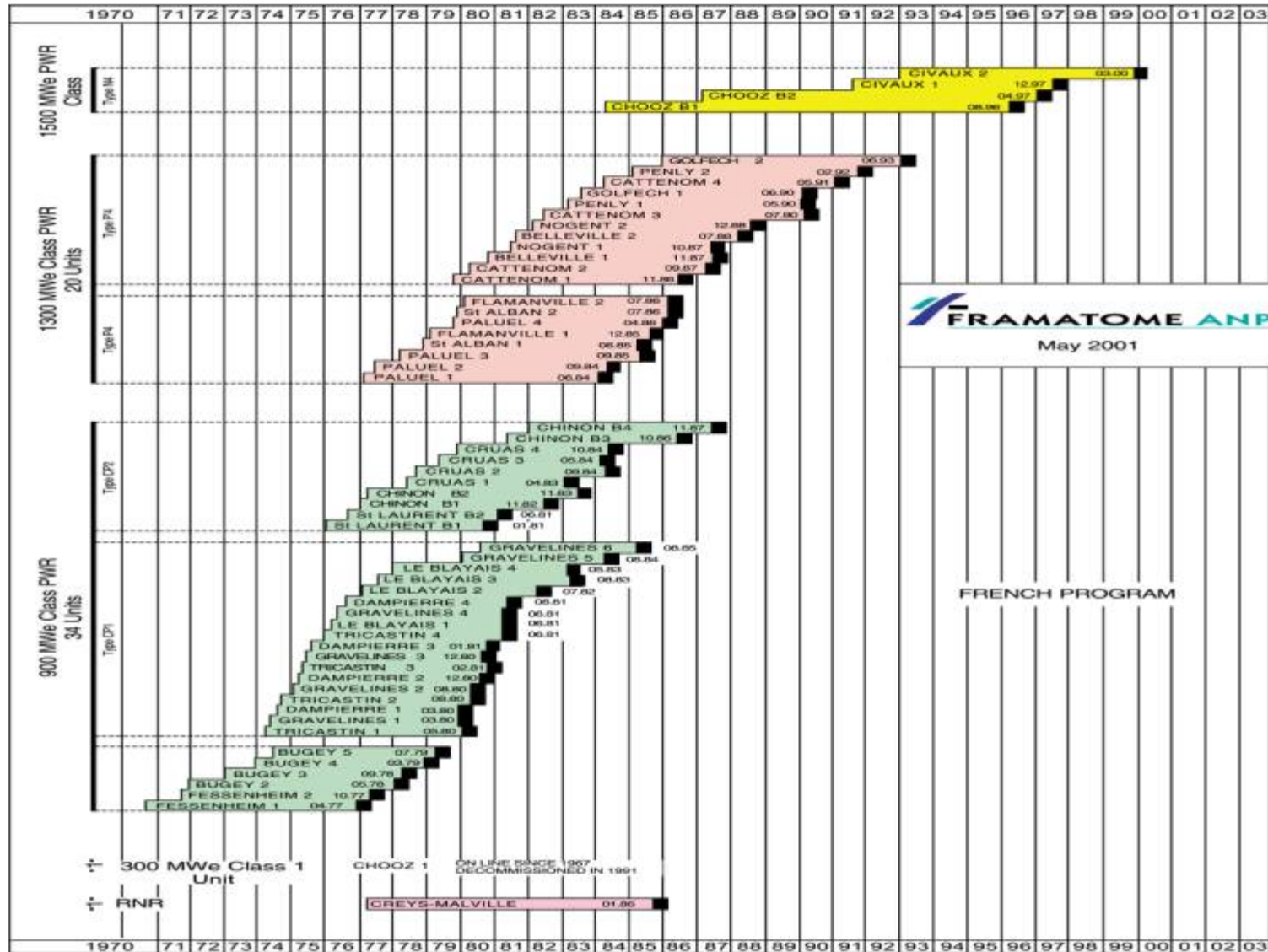
AMERICAS



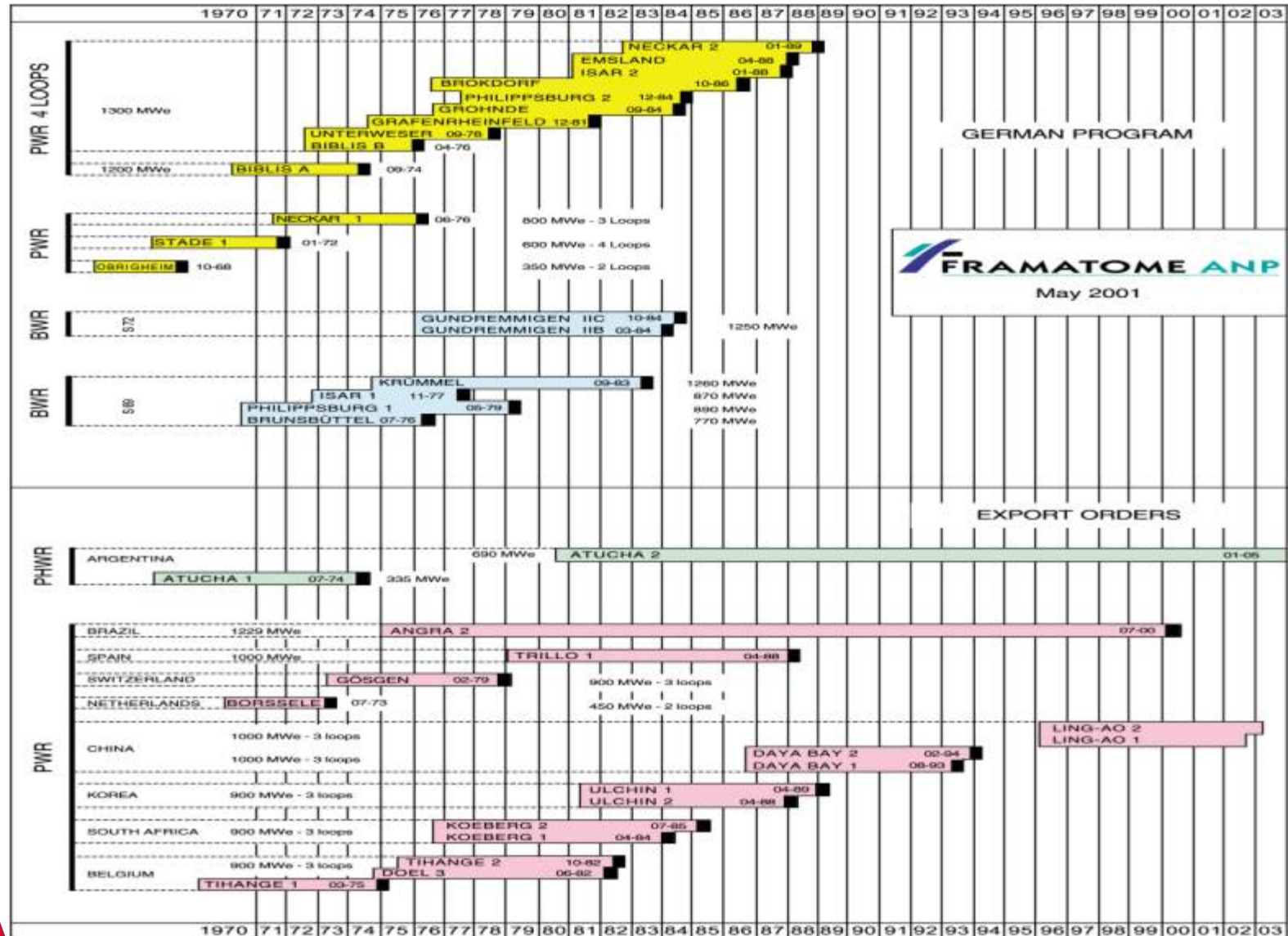
SOUTH AFRICA



Trend in construction of reactors by AREVA in France



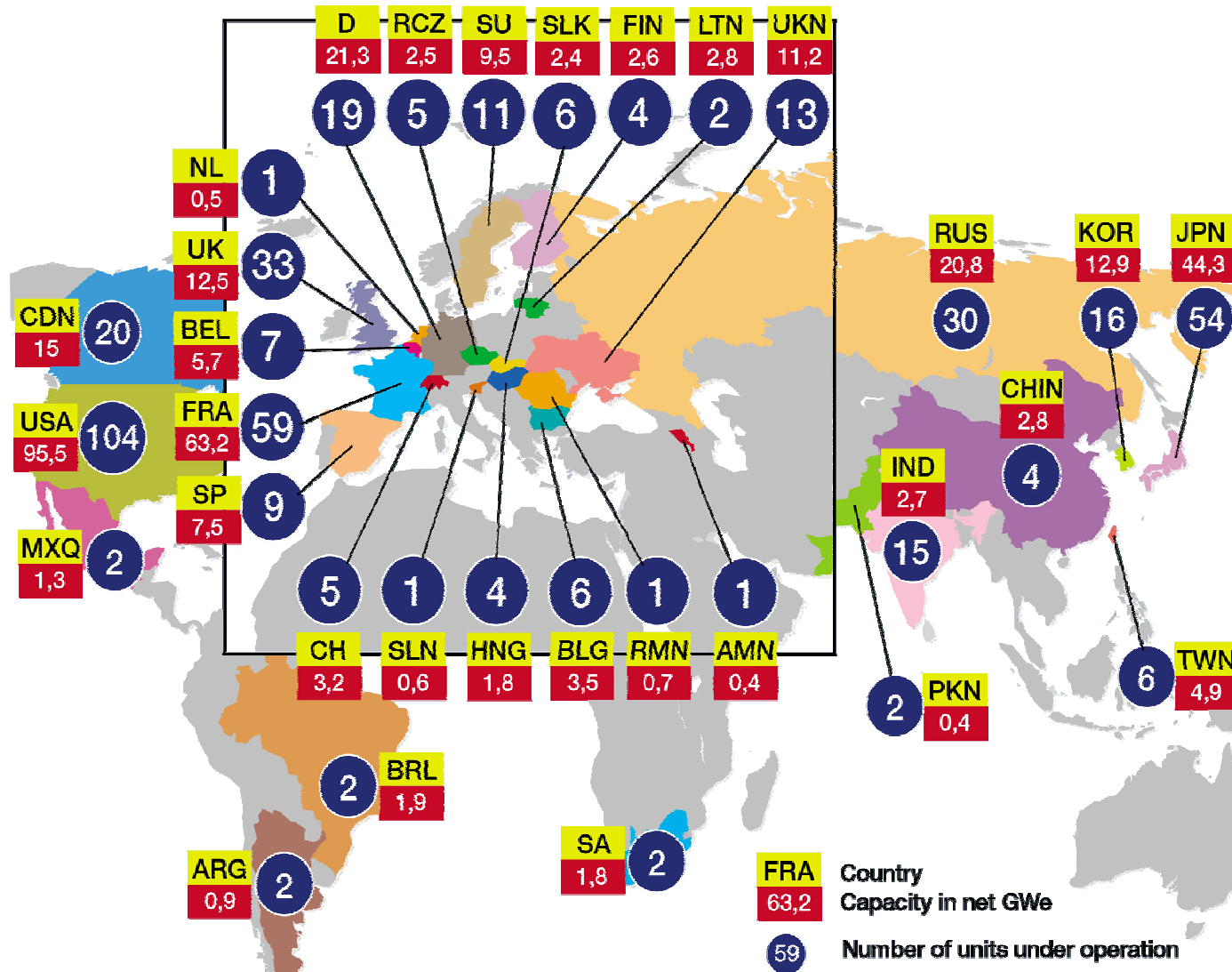
Trend in construction of reactors by AREVA abroad



Reactors installed worldwide

	Number of reactors		Δ
	2000	1995	
United States	104	109	-5%
France	59	56	+5%
Japan	53	52	+2%
Germany	19	20	-5%
Russia	29	29	0%
South Korea	16	11	+45%
United Kingdom	33	35	-6%
Ukraine	13	15	-13%
Canada	21	21	0%
Other	97	90	+8%
World	444	438	+1%

446 nuclear plants in operation in 2001



Source CEA, 2001