PRESS RELEASE

AREVA

Paris, September 30, 2003

Results for the 1st half of 2003

- ***Consolidated sales revenues up 3.9%***
- ***Operating income before restructuring up 23%***
- ***Nuclear: growth in volumes and continued high operating margin (8.1% of sales)***
- ***Connectors: operating break even for the second quarter of 2003, before restructuring costs***

The Supervisory Board of the AREVA Group, meeting on this date under the chairmanship of Philippe Pontet, reviewed the accounts for the first half of 2003 as approved by the Management Board on September 10th.

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In millions of euros	H1 2002	H1 2003	Change in %	2002
Sales revenues	3,982	4,137	+3.9%	8,265
• *Nuclear*	*3,123*	*3,402*	*+8.9%*	*6,577*
• *Connectors*	*813*	*689*	*-15.2%*	*1,560*
Operating income before restructuring costs	204	251	+23%	525
Operating income	168	161	-4.2%	180
• *Nuclear*	*306*	*274*	*-10.5%*	*649*
• *Connectors*	*-95*	*-62*	*+34.7%*	*-406*
Financial income (loss)	-1	6	n.s	587
Net income, Group share	104	55	-47.1%	240
Net cash[1]	-	1,737	-	1,113

[1] Cash and marketable securities + Current account of non consolidated subsidiaries – financial debt

I. Overall performance

Sales revenues up in Nuclear and like-for-like sales stable in Connectors

Consolidated sales revenues totaled 4,137 million euros for the first half of 2003, up 3.9% over the same period in 2002. Detailed comments on sales trends are given in the press release dated August 4, 2003 (see www.areva.com).

In **Nuclear**, sales amounted to 3,402 million euros, up 8.9% from 3,123 million euros. On a like-for-like basis, the increase was 12.9%. **Connectors** posted sales revenues of 690 million euros for the first half, down 15.2% from 813 million in the first half of 2002. Adjusting for currency effects and changes in consolidation changes, sales were generally stable (down 0.6%).

Operating income, before restructuring costs, up 23%

Before restructuring costs, first half consolidated operating income amounted to 251 million euros, up 23% from 204 million euros in 2002 due to significantly reduced losses in Connectors.

- **Nuclear** posted operating income of 288 million euros, down from 323 million euros in the first half of 2002, which was driven by very high volumes over the period from the *Fuel business unit* (Front-End division). After restructuring costs, operating income was 274 million euros, representing an operating margin of 8.1%, down from 306 million euros in the first half of 2002.

- **Connectors** sharply improved its performance, cutting its losses to more than one fourth of last year's level. The operating loss before restructuring costs improved from 77 million in the first half of 2002 to 18 million euros in the first half of 2003. In the second quarter of 2003, Connectors posted a positive operating income, excluded *Military Aerospace Industry* business unit sold at the end of April 2003. Including restructuring costs, the operating loss for Connectors was 62 million compared to a loss of 95 million in the first half of 2002.

After restructuring costs, Group operating income amounted to 161 million euros, edging down 4.2% compared to 168 million euros for the same period in 2002.

Decline in net income due to limited increased tax expense

Net income - Group share totaled 55 million euros for the first half of 2003, down from 104 million euros in the first half of 2002, despite a similar level of pre-tax and goodwill depreciation net income (248 million versus 243 million in 2002). The tax charge varies from one period to the next since the first half of 2002 posted earnings taxed at a reduced rate. The result was an increase in the tax charge from 51 million euros in the first half of 2002 to 107 million euros in the first half of this year.

Financial income totaled 6 million euros, up from a net expense of 1 million euros in 2002. It does not include any specific material items, and there were no significant capital gains on sales of securities.

Non-recurring income amounted to 81 million euros, largely consisting of the capital gain on the April 2003 sale of the *Military Aerospace Industry* business unit of the Connectors division.

Following goodwill write-downs in the Connectors division in 2001 and 2002, which were not repeated in the first half of 2003, goodwill amortization and impairment combined reduced to 55 million euros from 75 million in the first half of 2002. The group did not record any extraordinary amortization of goodwill during the period.

Strong cash flow

Operating cash flow from the business lines[2] soared to 809 million euros from 135 million euros in the first half of 2002, boosted by the Nuclear division:

- Operating cash flow for **Nuclear** amounted to 864 million euros in the first half of 2003, compared to 292 million euros over the same period in 2002. This change is the result of a 462 million euro decline in working capital requirements since the beginning of the year, primarily due to major advance payments in the Back-End division and from the draw down of uranium inventory required following a temporary shutdown at the Mc Arthur (Canada) mine during the second quarter of 2003. The group anticipates a negative variation in Nuclear's working capital requirements during the second half of the year.

- **Connectors** posted positive operating cash flow before restructuring costs of 5 million euros compared to net cash disbursements of 16 million euros in the first half of 2002. After cash outflows from restructuring, operating cash flow was a negative 43 million euros versus a negative 36 million euros in the first half of 2002.

The free cash flow generated by the Group in the first half was 526 million euros versus a net disbursement of 41 million euros in the first half of 2002.

Improvement in the Group's net cash position

At June 30, 2003, AREVA Group had net cash[3] of 1,737 million euros, up from 1,113 million euros on December 31, 2002.

The Group's net "economic"[4] cash amounted to 1,625 million euros, up from 1,063 million euros on December 31, 2002.

Provisions and funding for future dismantling expenditures

As previously announced, the Group is currently reviewing and negotiating offers from third parties involved in dismantling operations. Initial results from La Hague plant

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[2] Operating income before allocations/write-backs of amortization, depreciation and provisions (except on current assets) – net capital expenditure on tangible and intangible fixed assets – change in working capital requirements

[3] Cash and marketable securities + Current account of non consolidated subsidiaries – financial debt

[4] Net cash + unrealised capital gains and losses on marketable securities – interest-bearing customer advances classified as liabilities

revision do not reveal any major changes. Since the negotiations are not yet complete, the provisions for plant dismantling have not been revised as of June 30, 2003.

At the end of June 2003, Areva's share of the undiscounted provision stood at 4,274 million euros. The market value of the capitalized investment portfolio dedicated to dismantling operations was 2,024 million euros as of September 25, 2003 (1,932 million euros as of June 30, 2003). Consequently, subject to a net minimum annual yield of 3.5%, this portfolio should adequately fund future dismantling operations.

II. Results by division

Front-End: operating income down but stays at a high level

In millions of euros	H1 2002	H1 2003	Change in %
Sales revenues	1,300	1,425	+9.6%
Operating income before restructuring costs	242	176	-27.3%
Operating income/loss *% of sales*	238 *18.3%*	168 *11.8%*	-29.4%

The **Front-End** division posted sales revenues of 1,425 million, up 9.6% (+19% on a like-for-like basis) from 1,300 million euros in the first half of 2002. Operating income was 168 million euros compared with 238 million euros in 2002, largely due to the following:

- Temporary shutdown of the Mc Arthur (Canada) mine in the second quarter of 2003. Mine operations began again in July.
- A sharp jump in *Enrichment*, which posted an increase in volumes.
- The non recurrence of major shipments in the *Fuel* business unit in 2002 (shipment of the first core of Ling Ao in China) and the impact of an adverse product mix on the margin in the first half, despite an increase in volumes sold during the period.

Reactors and Services Division: growth in operating income

In millions of euros	H1 2002	H1 2003	Change in %
Sales revenues	840	990	+17.9%
Operating income before restructuring costs	22	60	+172.7%
Operating income *% sales*	11 *1.3%*	57 *5.8%*	+418.2%

Sales for **Reactors and Services** surged 17.9% (+18.9% on a like-for-like basis) to 990 million euros, up from 840 million euros in the first half of 2002. Operating income totaled 57 million euros in the first half of 2003, up from 11 million euros over the same period in 2002, despite no sales from new reactor projects.

- The *Reactors* business unit was driven partly by strong demand in the United States, most notably in the control-command and engineering fields, and partly by end of contract adjustments for the Civaux and Angra 2 reactors where sales were linked to guarantees termination and certain plant performance targets.

- The *Equipment* and *Services* businesses were also boosted by a favourable economic climate in the United States: a dynamic replacement market for tank covers and steam generators, and market share gains in plant maintenance.

Back End Division – Continuity and strategic contracts in the United States

In millions of euros	H1 2002	H1 2003	Change in %
Sales revenues	983	987	+0.4%
Operating income/loss before restructuring costs	59	53	-10.2%
Operating income/loss *% of sales revenues*	57 *5.8%*	49 *5.0%*	-14.0%

Sales of 987 million euros posted by the **Back End** division remained stable compared to the first half of 2002. Operating income over the period stood at 49 million euros compared with 57 million euros in 2002. These earnings reflect the continuation of major contracts in the Reprocessing business in The Hague and a slight delay in the Melox plant MOX assemblies (Recycling).

In the first half of the year, the company won the following two strategic contracts from the *US Department of Energy* (DOE).

- The production of four MOX rated assemblies for the recycling of military plutonium for civilian purposes (disarmament treaties).

- An initial 30 million euros contract as part of the “Yucca Mountain” underground storage project for spent fuel in the United States.

Connectors Division – Sharp reduction in operating loss and break-even point reached in the second quarter of 2003

In millions of euros	H1 2002	H1 2003	Change in %
Sales revenues	813	689	-15.3%
Operating loss before restructuring costs	-77	-18	n.s
Operating loss *% of sales*	-95 *-11.7%*	-63 *-9.1%*	n.s

Sales for **Connectors** fell by 15.3% to 689 million euros. On a like-for-like basis, sales were stable (-1%).

The recovery plan initiated early in 2002 continued to produce results. The operating loss before restructuring costs stood at 18 million euros, compared with a loss of 77 million euros in the first half of 2002. This positive performance is due, in particular, to the continued reduction of fixed costs and the reorganization of industrial capacities.

Excluding the *Military Aerospace Industry* business (sold at the end of April 2003) and before restructuring costs, the division reached the break-even point at the second quarter 2003 with an operating profit of 0.8 million euros compared with a loss of 16.7 million euros in the first quarter. This trend continues in the third quarter of 2003.

- Sales by the *Communication Data Consumer (CDC)* business unit remained stable, but no recovery was observed in the telecom infrastructure market. Nevertheless, operating losses were cut in half between the first half of 2002 and the first half of 2003.

- The *Automotive* business grew by 6.5% in sales revenues, surpassing the growth of its market, while maintaining its profitability level.

- The US and European electrical connectors markets, which were relatively sluggish in the first half, adversely affected sales and operating income of the *Electrical Power Interconnect* business unit.

The operating loss recorded in the first half of 2003 by the Connectors Division (a loss of 63 million euros compared with a loss of 95 million euros) continued to be impacted by restructuring costs, which increased over 2002.

III. Outlook

For fiscal year 2003, sales revenues for **Nuclear** should increase slightly. The operating income rate of return should stabilize at a level comparable to the first half of 2003.

In **Connectors**, the division will continue the industrial streamlining and adaptation plan deployed early in 2002. Under current economic conditions, the Connectors division should reach break-even point in terms of operating income and cash flow, before restructuring costs, in the second half of 2003.

Consolidated operating income and net attributable income are expected to increase over the full year compared with 2002.

Schedule of publications and upcoming events

- November 6, 2003: Third quarter 2003 sales revenues
- December 15-16, 2003 : Areva Technical Days n°4 – Front End Division
- February 10, 2004: 2003 sales revenues
- March 16, 2004: 2003 Earnings

More about

AREVA is a high-tech industrial group and a world leader in its businesses—nuclear energy and connectors. With 50,000 employees in over 30 countries, AREVA generated revenues of 8.3 billion euros in 2002. AREVA offers major international utilities a complete line of products and services for nuclear-base electricity generation. The Group also develops interconnection systems, mainly for the telecom and IT sectors. For further information: www.areva.com.

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Appendix 1: Statement of Income

In millions of euros	1st half 2003	1st half 2002	FY 2002
SALES REVENUES	4,137	3,982	8,265
Cost of products sold	(3,150)	(2,977)	(6,129)
GROSS MARGIN	**987**	**1,005**	**2,136**
Research and development costs	(141)	(164)	(332)
Sales and marketing costs	(169)	(203)	(384)
General and administrative costs	(278)	(306)	(624)
Other operating income and expenses	(237)	(164)	(616)
OPERATING INCOME (LOSS)	**161**	**168**	**180**
Financial income (expenses)	6	(1)	587
CURRENT INCOME OF CONSOLIDATED COMPANIES	**167**	**167**	**767**
Non-recurring income	81	76	289
Income tax	(107)	(51)	(220)
NET INCOME OF CONSOLIDATED COMPANIES	**141**	**192**	**836**
Share in earnings of equity affiliates	18	31	83
NET INCOME BEFORE DEPRECIATION OF GOODWILL	**159**	**223**	**919**
Depreciation of goodwill	(55)	(75)	(593)
TOTAL NET INCOME	**103**	**148**	**326**
Minority interests	(48)	(44)	(86)
NET INCOME – GROUP SHARE	**55**	**104**	**240**

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Appendix 2: Statement of Cash Flows

In millions of euros	1st half 2003	1st half 2002	FY 2002
CASH FLOW FROM OPERATIONS			
Net Income – Group Share	55	104	240
Minority interests	48	44	86
Total net income	103	148	326
Loss (income) from equity affiliates net of dividends received	12	(5)	(55)
Net depreciation of fixed assets	470	406	1,380
Net provisions	(17)	120	331
Loss (profit) from sales of fixed assets and investment securities	(63)	(144)	(977)
Other items with no cash effect	(10)	10	6
Cash Flow	**495**	**535**	**1,011**
Change in working capital requirements	453	(120)	(104)
CASH FROM OPERATING ACTIVITIES	**947**	**415**	**907**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment and intangible assets	(180)	(191)	(430)
Purchase of long-term assets	(117)	(454)	(475)
Change in customer advances financing investments	(30)	(56)	(71)
Sales of property, plant & equipment and intangible assets	25	13	230
Sales of long-term assets	201	290	262
CASH USED BY INVESTING ACTIVITIES	**(101)**	**(398)**	**(484)**
CASH FLOW FROM FINANCING ACTIVITIES			
Equity capital contributions		18	-
Dividends paid	(295)	(38)	(262)
Increase (decrease) in debt	(108)	(25)	72
CASH FROM FINANCING ACTIVITIES	**(403)**	**(45)**	**(190)**
Decrease (increase) in investment securities	80		995
Impact of changes in foreign exchange rates	3	(13)	23
TOTAL INCREASE (DECREASE) IN CASH	**526**	**(41)**	**1,250**
Cash at opening	*2,045*	*1,715*	*1,715*
Less banking creditors' balance	*(116)*	*(216)*	*(216)*
Less reclassification of investment securities			*(819)*
NET CASH AT BEGINNING OF YEAR	***1,929***	***1,499***	***680***
Cash at closing	*2,626*	*1,701*	*2,045*
Less banking creditors' balance	*(170)*	*(243)*	*(116)*
NET CASH AT END OF YEAR	***2,456***	***1,458***	***1,929***

Appendix 3: Balance Sheet

ASSETS In millions of euros	1st half 2003	FY 2002
FIXED ASSETS		
Goodwill	1,435	1,537
Net intangible assets	518	510
Dismantling assets	9,161	9,223
Net property, plant & equipment	4,477	4,647
Securities accounted for by the equity method	1,610	1,652
Other long-term assets	2,612	2,580
TOTAL FIXED ASSETS	**19,813**	**20,149**
CURRENT ASSETS		
Inventories and work in progress	1,768	1,960
Trade receivables	2,193	2,552
Other receivables	1,447	1,400
Cash and marketable securities	3,826	3,302
TOTAL CURRENT ASSETS	**9,234**	**9,214**
TOTAL ASSETS	**29,047**	**29,363**

LIABILITIES In millions of euros	1st half 2003	FY 2002
Capital	1,347	1,347
Premiums and consolidated reserves	2,362	2,333
Currency translation reserve	45	100
Net attributable income	55	240
TOTAL EQUITY	**3,809**	**4,020**
OTHER EQUITY	**216**	**215**
MINORITY INTERESTS	**947**	**988**
Pensions and similar benefits	635	568
Contingency reserve	14,369	14,485
Financial debt	2,107	2,217
Advances and pre-payments	4,285	4,066
Trade payables	851	1,056
Other operating liabilities	1,827	1,748
TOTAL LIABILITIES	**29,047**	**29,363**